



ADUR & WORTHING
C O U N C I L S

16 March 2020

Joint Governance Committee

Date:	24 March 2020
Time:	6.30 pm
Venue:	Gordon Room, Worthing Town Hall

Committee Membership:

Adur District Council: Councillors; Kevin Boram (Adur Chairman), David Balfe, Paul Mansfield, Andy McGregor (Adur Vice-Chairman), Barry Mear, Ann Bridges, Brian Coomber and Debs Stainforth

Worthing Borough Council: Councillors; Lionel Harman (Worthing Chairman), Louise Murphy (Worthing Vice-Chairman), Tim Wills, Mike Barrett, Steve Waight, Steve Wills, Rebecca Cooper and Bob Smytherman

Agenda

Part A

1. Substitute Members

Any substitute members should declare their substitution.

2. 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.

3. Minutes

To approve the minutes of the Joint Governance Committee meeting held on 28 January 2020, copies of which have been previously circulated.

4. Public Question Time

To receive any questions from members of the public.

In order for the Committee to provide the fullest answer, questions from the public should be submitted by **noon on Friday 20 March 2020**.

Where relevant notice of a question has not been given, the person presiding may either choose to give a response at the meeting or respond by undertaking to provide a written response within three working days.

Questions should be submitted to Democratic Services,
democratic.services@adur-worthing.gov.uk

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

5. Items Raised under Urgency Provisions

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

6. External Audit Planning Reports for Adur and Worthing Councils (Pages 1 - 84)

To consider reports from the External Auditors, copies attached as item 6.

7. Internal Audit Progress Report (Pages 85 - 114)

To consider a report from the Acting Head of Internal Audit, copies attached as item 7.

8. 2020/21 Internal Audit Plan (Pages 115 - 120)

To consider a report from the Acting Head of Internal Audit, copy attached as item 8.

9. Update of the CCTV Policy (Pages 121 - 154)

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

10. Public Engagement with the Planning Process (Pages 155 - 180)

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

11. Review of the Councils' Standards Procedure Rules (Pages 181 - 202)

To consider a report by the Monitoring Officer, copy attached as item 11.

Part B Exempt Reports - Not for Publication

None.

Recording of this meeting

The Council will be voice recording the meeting, including public question time. The recording will be available on the Council's website as soon as practicable after the meeting. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Neil Terry Democratic Services Lead 01903 221073 neil.terry@adur-worthing.gov.uk	Susan Sale Solicitor to the Councils 01903 221119 susan.sale@adur-worthing.gov.uk

Duration of the Meeting: Four hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

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Adur District Council

Audit planning report

Year ended 31 March 2020

10 March 2020



Building a better
working world

Agenda Item 6



Adur District Council
c/o Worthing Town Hall
Chapel Road
Worthing
West Sussex
BN11 1HA

10 March 2020

Dear Joint Governance Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Joint Governance Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Joint Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 24 March 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

For and on behalf of Ernst & Young LLP

Contents



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

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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



01

Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Risk of fraud in revenue recognition - inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax.
Introduction of new financial management system	Other risk	New risk	The Council introduced its new Technology One financial management system with effect from November 2019. It put in place measures to migrate data on 2019/20 transactions and balances from the old to the new financial management system. The Council's 2019/20 financial statements will be prepared using data taken from the new general ledger at the end of the financial year. To ensure the production of materially accurate and complete 2019/20 financial statements, it is essential that the Council is assured over the completeness and accuracy of financial data to its new general ledger.
Valuation of Land and Buildings/Investment Properties	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

Overview of our 2019/20 audit strategy (continued)

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Risk / area of focus	Risk identified	Change from PY	Details
Pension Liability Valuation	Inherent risk	No change in risk or focus.	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.</p> <p>The Council's pension fund asset is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>In 2018/19, late changes were required to disclosures in the financial statements arising from the McCloud legal judgement. The impact for 2019/20 is not yet known.</p>
Implementation of new auditing and accounting standards	Inherent risk	New risk	<p>IFRS 16 Leases: Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to published, but in July 2019 CIPFA/LASAAC issued 'IFRS 16 leases and early guide for practitioners'. There will be some disclosure requirements for the 2019/20 statement of accounts.</p> <p>Going Concern Compliance with ISA 570: This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements.</p>

Overview of our 2019/20 audit strategy (continued)

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Materiality

Planning
materiality

£1.0m

Materiality has been set at £1.0 million, which represents 2% of the prior years gross expenditure on provision of services. We have excluded the increase in the estimate of the past service cost liability as a result of the McCloud adjustment in 2018/19 because we cannot reliably estimate the impact this could have year on year.

Performance
materiality

£750,000

Performance materiality has been set at £750,000 which represents 75% of materiality.

Audit
differences

£49,000

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, housing revenue account and collection fund) greater than £49,000. Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Governance Committee.

Overview of our 2019/20 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Adur District Council give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Adur District Council's audit, we will discuss these with management as to the impact on the scale fee.



02 Audit risks



Our response to significant risks (continued)

	What is the risk?	What will we do?
Misstatements due to fraud or error*	<p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none">▶ Identifying fraud risks during the planning stages.▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.▶ Understanding the oversight given by those charged with governance of management's processes over fraud.▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
Financial statement impact <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p>	<p>We identify and respond to this fraud risk on every audit engagement.</p>	<ul style="list-style-type: none">▶ Performing mandatory procedures regardless of specifically identified fraud risks, including;<ul style="list-style-type: none">▶ Testing of journal entries and other adjustments in the preparation of the financial statements.▶ Reviewing accounting estimates for evidence of management bias.▶ Evaluating the business rationale for significant unusual transactions.



Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in revenue and expenditure recognition * - specifically in inappropriate capitalisation of revenue expenditure

Financial statement impact

Inappropriate capitalisation of revenue expenditure would decrease the net expenditure from the general fund, and increase the value of non-current assets.

Additions to Property Plant and equipment in 2018/19 was £12.3 million and to Investment Properties was £26.5 million.

What is the risk?

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

From our risk assessment, we have assessed that the risk manifests itself through the inappropriately capitalisation of revenue expenditure to improve the financial position of the general fund, as there is an incentive to reduce expenditure which is funded from Council Tax.

Capitalised revenue expenditure can be funded through borrowing with only minimal MRP charges recorded in the general fund, deferring the expenditure for 30+ years when the borrowing is repaid.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Sample test additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised;
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources; and
- ▶ Use our data analytics tool to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes within the general ledger.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
Introduction of new financial management system	<p>The Council introduced its new Technology One financial management system with effect from November 2019. It put in place measures to migrate data on 2019/20 transactions and balances from the old to the new financial management system. The Council's 2019/20 financial statements will be prepared using data taken from the new general ledger at the end of the financial year.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none">▶ Meet officers to discuss and understand the process for implementing the new financial management system.▶ Assess the effectiveness of the actions taken by the Council to ensure the complete and accurate migration of financial data to the new general ledger. This will include reviewing the effectiveness of reconciliation processes. We will undertake our own testing on the completeness and accuracy of data migration as necessary.
Financial statement impact Incorrect or incomplete migration of data from Total to Technology One could cause material inaccuracies in the 2019/20 financial statements.	<p>To ensure the production of materially accurate and complete 2019/20 financial statements, it is essential that the Council is assured over the completeness and accuracy of financial data to its new general ledger.</p>	<ul style="list-style-type: none">▶ Have regard to the findings of any work by Internal Audit in 2019/20 in relation to the new ledger system.▶ Mapping how data from the new system is taken to the statement of accounts, as part of our understanding of the accounts production process for 2019/20.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Valuation of Land and Buildings/Investment Properties</p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. As at 31 March 2019, they were valued at £241.6 million and £37 million respectively.</p> <p>Management is required to make material judgements about key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Consider the work performed by the Council's valuers (Wilks, Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▶ Challenge the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists as necessary - for example, significant or unusual movements in valuation, difficult to value specialist assets, or investments in areas of the economy under stress such as retail; ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre); ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE, and annually for IP. We also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ▶ Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated; ▶ Consider changes to useful economic lives as a result of the most recent valuation; and ▶ Test accounting entries have been correctly processed in the financial statements.

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019 this totalled £34 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>In the prior year the 'McCloud' judgement impacted the estimate and resulted in an amendment of the net pension liability. We anticipate this will again be a key assumption in estimating the pension liability. We would expect the Council's actuary to be basing their assumptions taking into account the Council's specific membership profile and how it has been impacted by the judgement. We also note that there may be further developments in this area, potentially again coming after the balance sheet date.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Obtain assurances over the information supplied to the actuary in relation to the Council; ▶ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. ▶ Where outturn information is available at the time we undertake our work after production of the Council's draft financial statements (for example the year-end actual valuation of pension fund assets), we will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.



Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

IFRS16 - leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- ▶ the identification of leases
- ▶ the recognition of right-of-use assets and liabilities and their subsequent measurement
- ▶ treatment of gains and losses
- ▶ derecognition and presentation and disclosure in the financial statements,
- ▶ the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- ▶ the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- ▶ the mechanics of making the transition in the 2020/21 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

What will we do?

IFRS 16 - leases introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases.

The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet.

Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

In particular, full compliance with the revised standard for 2020/21 is likely to require a detailed review of existing lease and other contract documentation prior to 1 April 2020 in order to identify:

- ▶ all leases which need to be accounted for
- ▶ the costs and lease term which apply to the lease
- ▶ the value of the asset and liability to be recognised as at 1 April 2020 where a lease has previously been accounted for as an operating lease.

We will:

- ▶ Assess the Council’s implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2019/20; and
- ▶ Review additional disclosure requirements.

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Joint Governance Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that a Council's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If a Council were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local Council financial statements to be provided on anything other than a going concern basis.'

What will we do?

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Council obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern.

We will discuss the detailed implications of the new standard with finance staff during 2019/20 ahead of its application for 2020/21.



03

Value for Money Risks



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

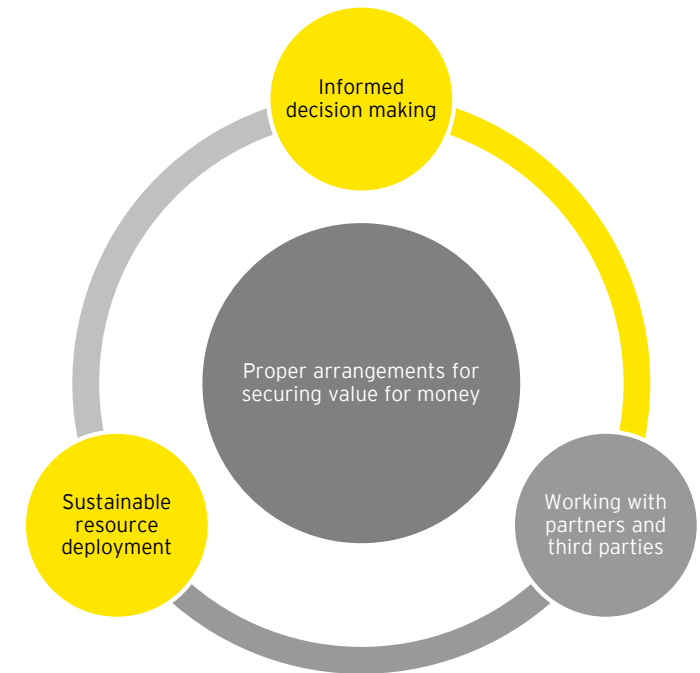
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risk noted on the following page which we view as relevant to our value for money conclusion.





Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
<p><i>The Council will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</i></p> <p>The Council continues to face significant financial challenges over the coming years. We concluded last year that the Council's Medium Term Financial Plan was sound and we noted that plans were in place to deliver the 2019/20 budget.</p> <p>In the 2019/20 budget, the Council originally identified a budget gap of £10.3 million over the next 4 years to 2023/24. It has identified £4.3 million of savings to mitigate this gap, however, this leaves £6 million of savings yet to be identified.</p> <p>At 31 March 2019, the Council had £18.1 million of usable revenue reserves. This included the General Fund reserve of £519,000 which is just above the minimum level set by the Section 151 Officer. These reserves would not be sufficient to cover any shortfall in savings were they not to be achieved and leaves little resilience to meet unexpected issues.</p>	<p>Deploy resources in a sustainable manner</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none">▶ Using PSAA's value for money profile tool to assess Council spending against similar councils;▶ Reviewing and assessing the updated assumptions within the Council's 2020/21 budget and medium term financial plan;▶ Reviewing the outturn position against budget for 2019/20 and the Council's financial position at 31 March 2020; and▶ Reviewing the Council's processes for identifying and monitoring the savings. <p>We will also:</p> <ul style="list-style-type: none">▶ review the Council's strategy for purchasing commercial property;▶ consider the financial and governance procedures in place regarding this strategy; and▶ consider whether the Council has obtained appropriate professional advice regarding purchases made within the strategy.



04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £1.0 million. This represents 2% of the Council's prior year gross expenditure on provision of services. We have excluded the increase in the estimate of the past service cost liability as a result of the McCloud adjustment in 2018/19 because we cannot reliably estimate the impact this could have year on year. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Joint Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £750,000 which represents 75% of planning materiality. The rationale for using 75% is based on the anticipation of identifying few or no errors during the audit. This expectation has been built on our experience of the Council in the prior year.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Joint Governance Committee, or are important from a qualitative perspective.

Specific materiality - We can set a lower materiality for specific accounts disclosure e.g. remuneration disclosures, related party transactions and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this. Where we do this we will notify you.



05 Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO [delete if not applicable]

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Joint Governance Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit work, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Audit team structure:

Helen Thompson
Lead Audit Partner

Hannah Lill
Manager

Loretta Ntila
Senior

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2019/20 audit.

We will continue to keep our audit approach under review to streamline it where possible.

* Key Audit Partner

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Management specialist: Wilkes, Head and Eve - RICS Registered Valuers
Pensions disclosure	EY pensions specialists Management specialist: Hymans Robertson - Actuary

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





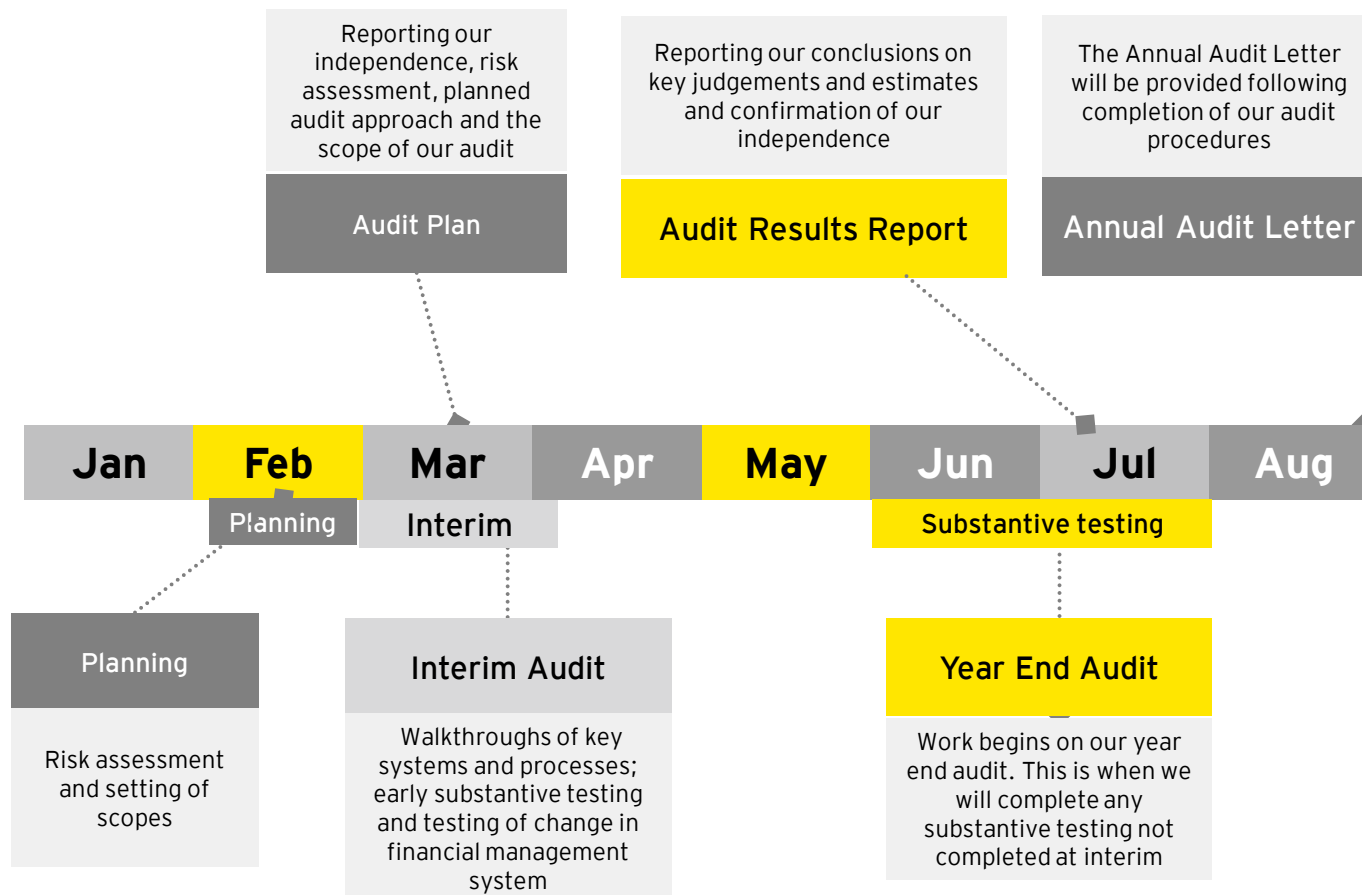
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the Joint Governance Committee and we will discuss them with the Joint Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Helen Thompson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70% and this has not been exceeded, therefore no additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Joint Governance Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Joint Governance Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)



09

Appendices



Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Total Fee - Code work	37,054	37,054	37,054
Change in financial management system	10,500	-	-
Value for money risk	3,000	-	3,000
Prior year adjustment		-	355
Total audit (1) (2)	50,554	37,054	40,409
Other non-audit services not covered above (Housing Benefits) (3)	29,500	-	29,506
Total other non-audit services	29,500	-	29,506
Total fees	80,054	37,054	69,915

All fees exclude VAT

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

(1) The 2018/19 Code work includes an additional fee of £3,355, which relates to additional work reviewing to address the value for money risk and to audit the prior year adjustment. We have agreed the variation with officers, but are awaiting approval from PSAA.

(2) For 2019/20, the scale fee will be impacted by a range of factors (see page 7) which will result in additional work. We set out an estimate of the potential additional fee for this above. The issues we have identified at the planning stage which will impact on the fee include:




- Additional work that will be required to address the value for money risks identified
- Additional work required to audit the change in the financial management system

(3) The housing benefit fee for 2018/19 includes all work performed to date and is under discussion with management. The DWP have recently requested additional work to be performed which is currently under discussion. The housing benefit fee for 2019/20 is an estimate based on the additional work required to be performed.

Appendix B

Required communications with the Joint Governance Committee

We have detailed the communications that we must provide to the Joint Governance Committee.




		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Joint Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	Audit results report

Required communications with the Joint Governance Committee (continued)

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit results report
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Joint Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report

Appendix B

Required communications with the Joint Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	
		 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Joint Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Governance Committee may be aware of 	Audit Results Report
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report

Required communications with the Joint Governance Committee (continued)

Required communications	What is reported?	Our Reporting to you
		When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report
Auditors report	<ul style="list-style-type: none">Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report
Fee Reporting	<ul style="list-style-type: none">Breakdown of fee information when the audit plan is agreedBreakdown of fee information at the completion of the auditAny non-audit work	Audit Planning Report and Audit Results Report
Certification work	Summary of certification work undertaken	Certification report

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the **Joint Governance Committee** reporting appropriately addresses matters communicated by us to the **Joint Governance Committee** and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.



Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



**Worthing Borough
Council**
Audit planning report
Year ended 31 March 2020

10 March 2020



Worthing Borough Council
Worthing Town Hall
Chapel Road
Worthing
West Sussex
BN11 1HA

10 March 2020

Dear Joint Governance Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Joint Governance Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Joint Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 24 March 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

For and on behalf of Ernst & Young LLP

Contents



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

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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



01

Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Risk of fraud in revenue recognition - inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax.
Introduction of new financial management system	Other risk	New risk	The Council introduced its new Technology One financial management system with effect from November 2019. It put in place measures to migrate data on 2019/20 transactions and balances from the old to the new financial management system. The Council's 2019/20 financial statements will be prepared using data taken from the new general ledger at the end of the financial year. To ensure the production of materially accurate and complete 2019/20 financial statements, it is essential that the Council is assured over the completeness and accuracy of financial data to its new general ledger.
Valuation of Land and Buildings/Investment Properties	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

48 Overview of our 2019/20 audit strategy (continued)

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Risk / area of focus	Risk identified	Change from PY	Details
Pension Liability Valuation	Inherent risk	No change in risk or focus.	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.</p> <p>The Council's pension fund asset is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>In 2018/19, late changes were required to disclosures in the financial statements arising from the McCloud legal judgement. The impact for 2019/20 is not yet known.</p>
Implementation of new auditing and accounting standards	Inherent risk	New risk	<p>IFRS 16 Leases: Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to published, but in July 2019 CIPFA/LASAAC issued 'IFRS 16 leases and early guide for practitioners'. There will be some disclosure requirements for the 2019/20 statement of accounts.</p> <p>Going Concern Compliance with ISA 570: This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements.</p>

Overview of our 2019/20 audit strategy (continued)

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Joint Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Materiality

Planning
materiality

£1.44m

Materiality has been set at £1.44 million, which represents 2% of the prior years gross expenditure on provision of services. We have excluded the increase in the estimate of the past service cost liability as a result of the McCloud adjustment in 2018/19 because we cannot reliably estimate the impact this could have year on year.

Performance
materiality

£1.08m

Performance materiality has been set at £1.08 million which represents 75% of materiality.

Audit
differences

£72,000

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, housing revenue account and collection fund) greater than £72,000. Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Governance Committee.

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Worthing Borough Council give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Worthing Borough Council's audit, we will discuss these with management as to the impact on the scale fee.



02 Audit risks



Our response to significant risks (continued)

Misstatements due to fraud or error*	What is the risk? <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>	What will we do? <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none">▶ Identifying fraud risks during the planning stages.▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.▶ Understanding the oversight given by those charged with governance of management's processes over fraud.▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.▶ Performing mandatory procedures regardless of specifically identified fraud risks, including;<ul style="list-style-type: none">▶ Testing of journal entries and other adjustments in the preparation of the financial statements.▶ Reviewing accounting estimates for evidence of management bias.▶ Evaluating the business rationale for significant unusual transactions.
Financial statement impact <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p>		



Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in revenue and expenditure recognition * - specifically in inappropriate capitalisation of revenue expenditure

Financial statement impact

Inappropriate capitalisation of revenue expenditure would decrease the net expenditure from the general fund, and increase the value of non-current assets.

Additions to Property Plant and equipment in 2018/19 were £6.9 million and to Investment Properties £26.7 million. Revenue expenditure funded from capital under statute was £4.6 million.

What is the risk?

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

From our risk assessment, we have assessed that the risk manifests itself through the inappropriately capitalisation of revenue expenditure to improve the financial position of the general fund, as there is an incentive to reduce expenditure which is funded from Council Tax.

Capitalised revenue expenditure can be funded through borrowing with only minimal MRP charges recorded in the general fund, deferring the expenditure for 30+ years when the borrowing is repaid.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Sample test additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised;
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources; and
- ▶ Use our data analytics tool to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes within the general ledger.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p>Introduction of new financial management system</p>	<p>The Council introduced its new Technology One financial management system with effect from November 2019. It put in place measures to migrate data on 2019/20 transactions and balances from the old to the new financial management system. The Council's 2019/20 financial statements will be prepared using data taken from the new general ledger at the end of the financial year.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Meet officers to discuss and understand the process for implementing the new financial management system. ▶ Assess the effectiveness of the actions taken by the Council to ensure the complete and accurate migration of financial data to the new general ledger. This will include reviewing the effectiveness of reconciliation processes. We will undertake our own testing on the completeness and accuracy of data migration as necessary. ▶ Have regard to the findings of any work by Internal Audit in 2019/20 in relation to the new ledger system. ▶ Map how data from the new system is taken to the statement of accounts, as part of our understanding of the accounts production process for 2019/20.
<p>Financial statement impact</p> <p>Incorrect or incomplete migration of data from Total to Technology One could cause material inaccuracies in the 2019/20 financial statements.</p>	<p>To ensure the production of materially accurate and complete 2019/20 financial statements, it is essential that the Council is assured over the completeness and accuracy of financial data to its new general ledger.</p> <p>.</p>	

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Valuation of Land and Buildings/Investment Properties</p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. As at 31 March 2019, they were valued at £140.1 million and £31.5 million respectively.</p> <p>Management is required to make material judgements about key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Consider the work performed by the Council's valuers (Wilks, Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▶ Challenge the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists as necessary - for example, significant or unusual movements in valuation, difficult to value specialist assets, or investments in areas of the economy under stress such as retail; ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre); ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE, and annually for IP. We also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ▶ Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated; ▶ Consider changes to useful economic lives as a result of the most recent valuation; and ▶ Test accounting entries have been correctly processed in the financial statements.

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019 this totalled £39 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>In the prior year the 'McCloud' judgement impacted the estimate and resulted in an amendment of the net pension liability. We anticipate this will again be a key assumption in estimating the pension liability. We would expect the Council's actuary to be basing their assumptions taking into account the Council's specific membership profile and how it has been impacted by the judgement. We also note that there may be further developments in this area, potentially again coming after the balance sheet date.</p>	<p>We will:</p> <ul style="list-style-type: none">▶ Obtain assurances over the information supplied to the actuary in relation to the Council;▶ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.▶ Where outturn information is available at the time we undertake our work after production of the Council's draft financial statements (for example the year-end actual valuation of pension fund assets), we will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.



Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

IFRS16 - leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- ▶ the identification of leases
- ▶ the recognition of right-of-use assets and liabilities and their subsequent measurement
- ▶ treatment of gains and losses
- ▶ derecognition and presentation and disclosure in the financial statements,
- ▶ the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- ▶ the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- ▶ the mechanics of making the transition in the 2020/21 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

What will we do?

IFRS 16 - leases introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases.

The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet.

Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

In particular, full compliance with the revised standard for 2020/21 is likely to require a detailed review of existing lease and other contract documentation prior to 1 April 2020 in order to identify:

- ▶ all leases which need to be accounted for
- ▶ the costs and lease term which apply to the lease
- ▶ the value of the asset and liability to be recognised as at 1 April 2020 where a lease has previously been accounted for as an operating lease.

We will:

- ▶ Assess the Council’s implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2019/20; and
- ▶ Review additional disclosure requirements.

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Joint Governance Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that a Council's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If a Council were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local Council financial statements to be provided on anything other than a going concern basis.'

What will we do?

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Council obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern.

We will discuss the detailed implications of the new standard with finance staff during 2019/20 ahead of its application for 2020/21.



03

Value for Money Risks



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

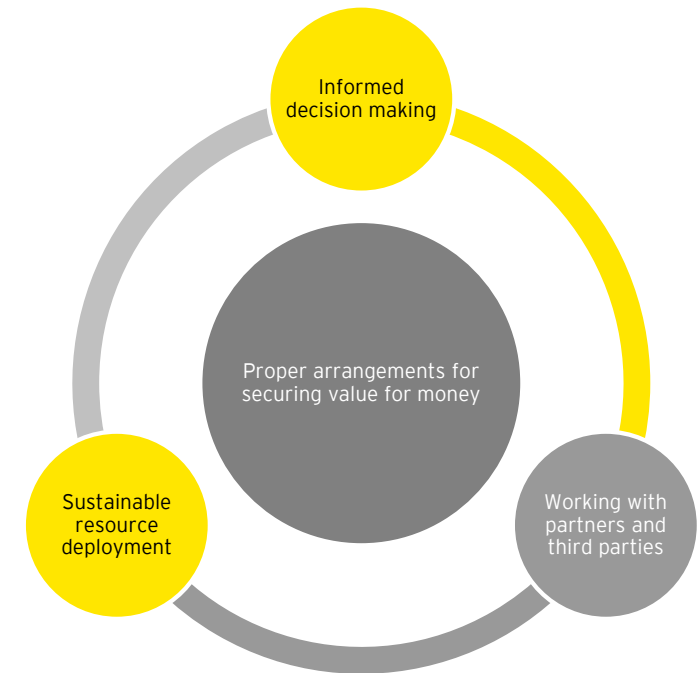
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risk noted on the following page which we view as relevant to our value for money conclusion.





Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
<p><i>The Council will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</i></p> <p>The Council continues to face significant financial challenges over the coming years. We concluded last year that the Council's Medium Term Financial Plan was sound and we noted that plans were in place to deliver the 2019/20 budget.</p> <p>In the 2019/20 budget, the Council originally identified a budget gap of £14.9 million over the next 4 years to 2023/24. It has identified £7.6 million of savings to mitigate this gap, however, the leaves £6 million of savings yet to be identified.</p> <p>At 31 March 2019, the Council had £18.1 million of usable revenue reserves. This included the General Fund reserve of £869,000 which is just above the minimum level set by the Section 151 Officer. These reserves would not be sufficient to cover any shortfall in savings were they not to be achieved and leaves little resilience to meet unexpected issues.</p>	<p>Deploy resources in a sustainable manner</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none">▶ Using PSAA's value for money profile tool to assess Council spending against similar councils;▶ Reviewing and assessing the updated assumptions within the Council's 2020/21 budget and medium term financial plan;▶ Reviewing the outturn position against budget for 2019/20 and the Council's financial position at 31 March 2020; and▶ Reviewing the Council's processes for identifying and monitoring the savings. <p>We will also:</p> <ul style="list-style-type: none">▶ review the Council's strategy for purchasing commercial property;▶ consider the financial and governance procedures in place regarding this strategy; and▶ consider whether the Council has obtained appropriate professional advice regarding purchases made within the strategy.



04

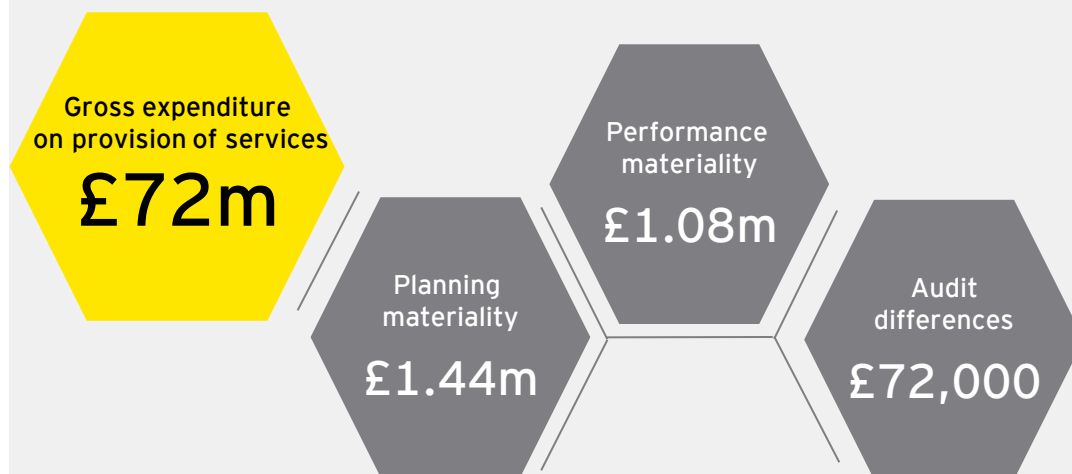
Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £1.44 million. This represents 2% of the Council's prior year gross expenditure on provision of services. We have excluded the increase in the estimate of the past service cost liability as a result of the McCloud adjustment in 2018/19 because we cannot reliably estimate the impact this could have year on year. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Joint Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.08 million which represents 75% of planning materiality. The rationale for using 75% is based on the anticipation of identifying few or no errors during the audit. This expectation has been built on our experience of the Council in the prior year.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Joint Governance Committee, or are important from a qualitative perspective.

Specific materiality - We can set a lower materiality for specific accounts disclosure e.g. remuneration disclosures, related party transactions and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this. Where we do this we will notify you.



05 Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.



Scope of our audit

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Joint Governance Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Audit team structure:

Helen Thompson
Lead Audit Partner

Hannah Lill
Manager

Loretta Ntila
Senior

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2019/20 audit.

We will continue to keep our audit approach under review to streamline it where possible.

* Key Audit Partner

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Management specialist: Wilkes, Head and Eve - RICS Registered Valuers
Pensions disclosure	EY pensions specialists Management specialist: Hymans Robertson - Actuary

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





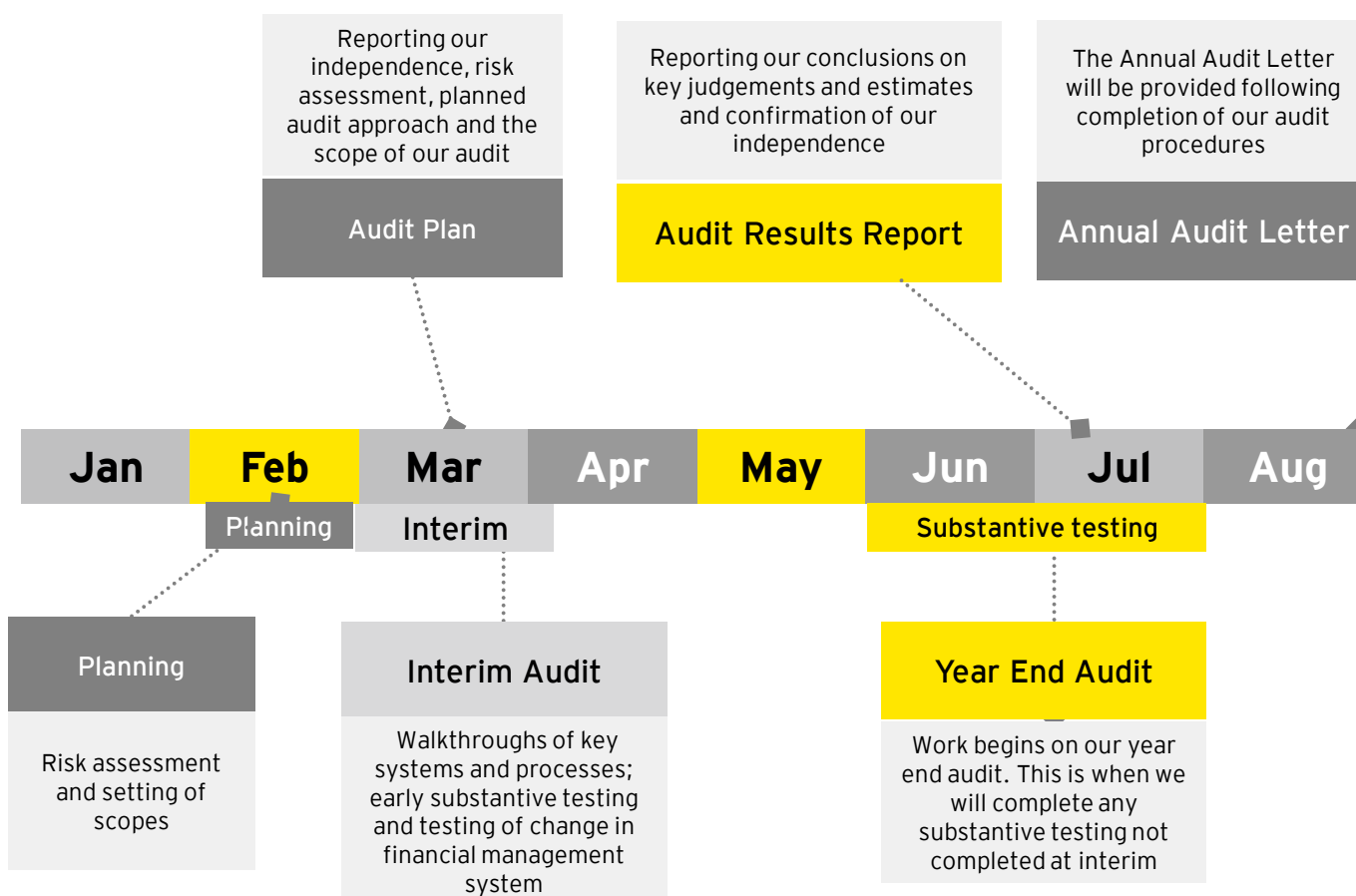
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the Joint Governance Committee and we will discuss them with the Joint Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08 Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Helen Thompson, your audit engagement partner, and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70% and this has not been exceeded, therefore no additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Joint Governance Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Joint Governance Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)



09

Appendices



Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Total Fee - Code work	36,311	36,311	36,311
Change in financial management system	10,500	-	-
Value for money risk	3,000	-	3,000
Total audit (1) (2)	49,811	36,311	39,311
Other non-audit services not covered above (Housing Benefits) (3)	15,410	-	14,910
Total other non-audit services	15,410	-	14,910
Total fees	65,221	36,311	54,221

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

All fees exclude VAT

(1) The 2018/19 Code work includes an additional fee of £3,355, which relates to additional work reviewing to address the value for money risk and to audit the prior year adjustment. We have agreed the variation with officers, but are awaiting approval from PSAA.

(2) For 2019/20, the scale fee will be impacted by a range of factors (see page 7) which will result in additional work. We set out an estimate of the potential additional fee for this above. The issues we have identified at the planning stage which will impact on the fee include:




- Additional work that will be required to address the value for money risks identified
- Additional work required to audit the change in the financial management system

(3) The housing benefit fee for 2018/19 includes all work performed to date and is under discussion with management. The housing benefit fee for 2019/20 is an estimate based on the additional work required to be performed.

Appendix B

Required communications with the Joint Governance Committee

We have detailed the communications that we must provide to the Joint Governance Committee.

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Joint Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	Audit results report

Required communications with the Joint Governance Committee (continued)

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit results report
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Joint Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report

Appendix B

Required communications with the Joint Governance Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Joint Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Governance Committee may be aware of 	Audit Results Report
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report

Required communications with the Joint Governance Committee (continued)

		Our Reporting to you
Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Planning Report and Audit Results Report
Certification work	Summary of certification work undertaken	Certification report

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the **Joint Governance Committee** reporting appropriately addresses matters communicated by us to the **Joint Governance Committee** and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.



Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



ADUR & WORTHING
COUNCILS

Joint Governance Committee

24 March 2020

Agenda Item 7

Key Decision: No

Ward(s) Affected: N/A

INTERNAL AUDIT PROGRESS REPORT

REPORT BY THE ACTING HEAD OF INTERNAL AUDIT

Executive Summary

1. Purpose

This report seeks to update Members of this Committee with:

- 1.1 The current performance of the Internal Audit Section.
- 1.2 Summary information on the key issues raised in final audit reports issued since our last report to the Committee.
- 1.3 The current status on the implementation of agreed audit recommendations.

2. Recommendations

2.1 Recommendation One

That the Committee note the contents of this report.

3. Context

3.1 Background

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

4. Issues for Consideration

4.1 Internal Audit Performance - 2019/20

The 2019/20 Annual Internal Audit Plan presented to the Joint Governance Committee on 26th March 2019 contained 510 days and 35 items of audit work to be undertaken by the Internal Audit Service during the year.

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	Audits planned	No of days planned	% of days planned
Quarter 1 (April – June)	2	42.5	8.4%
Quarter 2 (July – September)	9	104.5	20.6%
Quarter 3 (October – December)	8	135.5	26.6%
Quarter 4 (January – March)	17	225.5	44.4%
	36	508	100%

As at 29th February, 326.28 (64.23%) of the planned days had been delivered. Attached as **Appendix 1** is a summary of the current status of audits in the plan.

4.2 Final Audit Reports

Recommendations made in audit reports are categorised according to the 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.

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.

A summary of the final reports issued since our last report to this Committee, including the key issues raised, is attached as **Appendix 2**.

Since our report to the Committee in September 2019, seven reports have been finalised. Two were given a Satisfactory Assurance opinion and five reports were given a Limited Assurance opinion. Nine P1 recommendations were raised within these reports, (all being within the limited assurance audits).

Details of the Priority 1 and Priority 2 recommendations raised within these reports have been circulated to Members prior to the meeting in a separate briefing note.

4.3 Follow up of Audit Recommendations

In accordance with the Council's Follow-Up Protocol, we have continued following-up the status of implementation of recommendations contained in final audit reports.

Follow-up is 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 current performance in relation to these targets for the last 3 years is shown in the tables below:

Status of recommendations 2017/18

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	FU & No Response	%	Total % NOT Impl'd	Not Due	Total
P1	37	27	73%	0	0%	10	27%	0	0%	27%	0	37
P2	84	53	63.1%	6	7.1%	22	26.2%	3	3.6%	36.9%	2	86
P3	24	21	87.5%	2	8.3%	0	0%	1	4.2%	12.5%	3	27
Other	1	0	0%	0	0%	1	100%	0	0%	100%	0	1
Total	146	101	69.2%	8	5.5%	33	22.6%	4	2.7%	30.8%	5	151

Status of recommendations 2018/19

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	FU & No Response	%	Total % NOT Impl'd	Not Due	Total
P1	11	7	63.6%	0	0%	2	18.2%	2	18.2%	36.4%	7	18
P2	87	65	74.7%	0	0%	13	14.9%	9	10.4%	25.3%	27	114
P3	34	30	88.2%	0	0%	1	3%	3	8.8%	11.8%	5	39
Total	132	102	77.3%	0	0%	16	12.1%	14	12.6%	22.7%	39	171

Status of recommendations 2019/20

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	FU & No Response	%	Total % NOT Impl'd	FU Not Due	Total
P1	0	0	0%	0	0%	0	0%	0	0%	0%	2	2
P2	9	7	77.8%	0	0%	2	22.2%	0	0%	22.2%	21	30
P3	3	3	100%	0	0%	0	0%	0	0%	0%	5	8
Total	12	10	83.3%	0	0%	2	16.7%	0	0%	16.7%	28	40

Attached as **Appendices 3, 4 & 5**, are tables which summarise the current follow-up status of recommendations made in final audit reports from audits contained in the 2017/18, 2018/19 and 2019/20 Audit Plans. The shaded boxes indicate where changes have occurred since our last report.

We are also continuing to follow up on 11 recommendations (all Priority 2) which remain outstanding from audits contained in the 2016/17 Audit Plan.

As requested at the Committee's meeting on 22nd January 2019 we have highlighted in **Appendix 6** attached, those Priority 1 recommendations which remain outstanding after the agreed implementation dates.

It should be noted that, following the previous Committee meeting in January 2020, officers responsible for implementing the outstanding Priority 1 recommendations were written to informing them that the Committee were actively monitoring the implementation of these recommendations and that, where sufficient actions were not being taken in a timely action, officers may be requested to attend the next Committee meeting. This has helped improve the engagement of officers in the follow up process.

5. Engagement and Communication

- 5.1** Internal Audit attends monthly meetings with the Chief Financial Officer on progress against the plan. Issues arising and potential plan changes are discussed both at these meetings and whenever necessary.

6 Financial Implications

6.1 There are no financial implications arising from this report.

7. Legal Implications

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

Background Papers

None

Officer Contact Details:

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Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified.

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

The report does not seek to meet any particular Council priority.

	Project	Field Work complete	Draft Issued	Final Issued	Assurance level	1	2	3	Total	P1 issues
1	HR Data Input & accuracy	Y	Y	Y	Limited	2	8	1	11	Integration of data from HR to payroll system & data validation
1	Decision Making	Y	Y	Y	Satisfactory	0	2	0	2	No P1 recs
2	Rent in Advance	Y	Y	Y	Limited	1	10	1	12	Review of privacy notices and consents for DPA compliance
2	VAT Arrangements	Y	Y	Y	Satisfactory	0	0	1	1	No P1 recs
2	Housing Allocations	Y	Y	Y	Satisfactory	0	3	1	4	No P1 recs
2	Budget Development	Y	Y	Y	Satisfactory	0	1	0	1	No P1 recs
2	Management of Call Centre volumes	Y	Y	Y	Satisfactory	0	2	0	2	No P1 recs
2	Corporate Governance	Y	Y	Y	Satisfactory	0	0	2	2	No P1 recs
2	Building Maintenance Compliance (non Housing)	Y	Y							
2	Account Security	Y	Y							
2	Planning Enforcement	Y	Y	Y	Limited	0	8	1	9	No P1 recs
3	Revenues & Benefits	Y	Y	Y	Satisfactory	0	0	1	1	No P1 recs
3	Councils preparedness for EU exit	Y	Y	Y	Satisfactory	0	0	1	1	No P1 recs
3	Management of Community Buildings	Y	Y							
3	Apprenticeships	Y	Y							
3	Regulatory Compliance (Housing)	Y	Y							
3	Homeless Reduction Act compliance	Y	Y							
3	Cashiering	Y	Y	Y	Satisfactory	0	1	0	1	No P1 recs
3	Land Charges	WIP								
4	Asbestos Management (non Housing)	WIP								
4	GDPR Compliance	WIP								
4	Management of Major Projects	WIP								
4	Management of the Commercial Property Portfolio	WIP								
4	Tenancy Management	P - Q1								
4	General Ledger	WIP								
4	Exchequer (Creditors & Debtors)	WIP								
4	Risk Management	WIP								
4	Business Continuity	WIP								
4	Contract audit - Concrete Repairs - Grafton Car Park	P								
4	Welfare Reform	P - Q1								
4	PCI DSS Compliance	P - Q1								
4	Device Security	P - Q1								
4	Procurement & Contract Management Housing	P								
4	Management of Capital Programme	P								
4	Network Architecture and Resilience	WIP								
4	Incident & Problem Management	P								

KEY

WIP - Work in Progress

UR - Work under review

P - Work in planning stage/planned to start

Audit Title (Year)	Assurance Level & Number of Issues	Summary of key issues raised
Housing Repairs (Matsoft Processes) (18/19)	Limited (Five Priority 1, Twenty Five Priority 2 and Five Priority 3 recommendations)	The Priority 1 recommendations were raised in respect of: <ul style="list-style-type: none"> - The completion of “completed” jobs within the Mats system (backlog in excess of 865 jobs). - The need to review contract arrangements for repair works and to have regular contract monitoring meetings with all contractors. - Investigating why the Mats Repairs system is not recording user details when actions are occurring/ notes are added to the system. - Enhancing the Mats system to require post inspection of repair projects costing over £1,000 in line with the Inspection Policy. - Investigating why the Events & Variation Log was no longer visible within the Mats system after the July upgrade and arrange for its' reinstatement.
Asset Management (18/19)	Limited (One Priority 1 and Five Priority 2 recommendations)	The Priority 1 recommendation raised relates to the Councils need for an Asset Management Plan.
Planning Enforcement (19/20)	Limited (Eight Priority 2 and One Priority 3 recommendations)	No Priority 1 recommendations
Rent In Advance/rent Deposit Scheme (19/20)	Limited (One Priority 1, Ten Priority 2 and One Priority 3 recommendations)	The Priority 1 recommendation was raised in respect of the need for the Service to review the forms used to collect personal data to ensure these meet the consent and privacy notice requirements of the Data Protection Act 2018.
Revenues & Benefits (19/20)	Satisfactory (One Priority 3 recommendation)	No Priority 1 recommendations
Cashiering (19/20)	Satisfactory (One Priority 2 recommendation)	No Priority 1 recommendations
HR Data Input & Accuracy (19/20)	Limited (Two Priority 1. Eight Priority 2 and One Priority 3 recommendations)	The Priority 1 recommendations were raised in respect of: <ul style="list-style-type: none"> - The need for an integrated HR/Payroll system to reduce the duplication of data entry which can lead to inaccuracies. - The validation of data by HR of data entered by services to ensure its' accuracy.

	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	1	2	3	Other	Percentage of recs completed	Recs carried over into next audit	%of recs carried over	Number of recs outstanding	1	2	3	Other	Percentage of recs outstanding	Key auditees	Comments
Director for Communities																					
Housing																					
Rent Collection and Collection of Arrears	ADC	Jan-18	Satisfactory		2	1	0	1	0	0	50%			1	0	0	1	0	50%	P Turner	Update provided confirmed rec is in progress & Capita have been engaged to undertake the work - deadline revised to 31/3/20
Leaseholder Charges	ADC	Mar-18	No		39	13	5	5	3	0	33%			26	10	16	0	0	67%	N Freeman	Update provided confirmed work being undertaken on outstanding recs - Further update on P1 recs provided on 4/3/20 - deadlines revised
Gas Safety Inspections	ADC	Jul-18	Limited	4	16	12	3	9	0	0	75%			4	0	4	0	0	25%	C Barber	Update provided through App on 30/10/19 confirmed 4 outstanding recs still in progress deadlines revised to 31/12/19 (2) and 30/6/20 (2). Update requested 9/3 re 2 due at end of Dec 19
Housing Repairs	ADC	Feb-19	Limited	13	2	2	0	2	0	0	100%										Outstanding recommendations from this audit have been superceeded by an 18/19 audit of the Housing Repairs process through Matsoft
Handyman Service	*	Jan-18	Limited	10	1	1	1	0	0	0	100%										COMPLETE - Decision taken to discontinue service therefore all other recs no longer applicable.
Wellbeing																					
Contract Management audit - Voluntary & Community contract	*	Feb-18	Satisfactory	1	1	1	0	1	0	0	100%										COMPLETE
Director of Digital & Resources																					
Finance																					
Budget Management	*	Dec-17	Satisfactory	1	1	1	0	1	0	0	100%										S Gobey
General Ledger	*	Mar-18	Satisfactory		5	4	0	2	2	0	80%	1	20%							COMPLETE	
Capital Accounting	*	Apr-18	Satisfactory		1	1	0	1	0	0	100%									COMPLETE	
Treasury Management	*	Dec-17	Satisfactory		2	2	0	1	1	0	100%									COMPLETE	
Compliance with IR35 - Tax legislation	*	Feb-19	Limited		6	2	1	1	0	0	33%			4	0	3	1	0	67%	Update provided confirmed 2 as complete - 3 still overdue	
Creditors	*	Feb-18	Satisfactory		2	2	0	0	2	0	100%										COMPLETE
Debtors	*	Feb-18	Satisfactory	1	2	2	0	2	0	0	100%										COMPLETE
Payroll	*	Apr-18	Satisfactory		4	3	1	1	1	0	75%	1	25%								1 outstanding recommendation re-raised in 18/19 audit
Cashiering	*	Mar-18	Satisfactory		2	2	0	1	1	0	100%										COMPLETE
Legal																					
Corporate Governance & Ethical Standards	*	Jan-18	Satisfactory		2	2	0	2	0	0	100%										COMPLETE
Design & Digital																					
Compliance with the Data Protection Act	*	Apr-18	Satisfactory		9	9	1	7	1	0	100%										COMPLETE
Risk Management	*	Apr-18	Satisfactory		4	2	0	2	0	0	50%	2	50%								2 outstanding recommendations re-raised in 18/19 audit
People																					
Human Resources	*	Feb-18	Limited	1	6	6	3	3	0	0	100%										COMPLETE
Revenues & Benefits																					
Revenues (Council Tax & NDR)	*	Jul-18	Satisfactory	1	4							4	100%								Recommendations re-iterated in 18/19 audit
Benefits	*	Feb-18	Satisfactory		2	2	0	2	0	0	100%										COMPLETE
Computer Audits																					
Firewall & Cyber Security	*	Oct-17	Satisfactory		5	5	0	1	4	0	100%										COMPLETE
GDPR Readiness Gap Analysis	*	Apr-18	Limited	4	16	16	9	5	2	0	100%										COMPLETE
Revs & Bens - Academy application	*	Jan-19	Limited	3	4	4	2	1	1	0	100%										COMPLETE
Mats - Application Audit	*	Oct-19	Satisfactory	2	6									6	0	4	2	0	100%	S Millier	Two P2 recs are overdue and the deadlines have been revised - the remaining recommendations will be followed up through Audit App when due
Review of Technology Strategy	*	Apr-18	No opinion given		1									1	0	0	0	1	100%	P Brewer	update provided confirmed new ICT Manager is reviewing - deadline extended to Mar 20.
Contract Audits																					
Procurement Compliance	*	Sep-18	Satisfactory		6	6	1	2	3	0	100%										COMPLETE
					151	101	27	53	21	0	67%	8	5%	42	10	27	4	1	28%		

	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	1	2	3	Other	Percentage of recs completed	Recs carried over into next audit	%of recs carried over	Number of recs outstanding	1	2	3	Other	Percentage of recs outstanding	Key auditees	Comments
Director for Communities																					
Adur Worthing Contract Services																					
Waste Management	*	Mar-19	Satisfactory		7	6	0	4	2	0	86%			1	0	0	1	0	14%	M Marchant	Update provided through App has confirmed completion of recs. Management of service has changed and responsibility re-assigned to M Marchant on 19/12/19 for the outstanding rec.
Environment																					
Bereavement Services	*	Nov-18	Satisfactory		4	1	1	0	0	0	25%			3	0	3	0		75%	K Greening	Implementation date for the 3 outstanding recs has passed but no update received from the rec owner on progress.
Housing																					
Building Services - Stocks & Stores	ADC	Oct-19	Limited		8									8	3	5	0	0	100%	A Alexander	Update provided in respect of overdue P2 rec but no update yet provided for 5 other recs now passed their implementation date.
Right to Buy	ADC	Jul-18	Satisfactory		3	3	0	2	1	0	100%										
Rent Collection and Collection of Arrears	ADC	May-19	Satisfactory		4	4	1	2	1	0	100%										
Housing Repairs - Matsoft processes	ADC	Mar-20	Limited		30	3	1	2	0	0	10%			27	4	18	5	0	90%	C Barber	COMPLETE Recommendations will be followed up through App when they become due
Wellbeing																					
Food Safety & Registration for Businesses	*	May-19	Limited	2	11	11	0	9	2	0	100%										
Air & Water Quality	*	Mar-19	Satisfactory		4	3	0	3	0	0	75%			1	0	1	0	0	25%	N Shad	COMPLETE The recommendation owner has confirmed he is waiting for data from WSCC so has set a recised deadline of 1/4/20 for completion of o/s rec
Director of Digital & Resources																					
Business & Technical Services																					
Business Travel - Vehicles	*	Jan-19	Satisfactory	3	8	8	1	4	3	0	100%										
Health & Safety	*	Jun-19	Satisfactory		2	2	0	2	0	0	100%										
Customer Contact																					
NSL Contract Management	*	Sep-18	Full																		
Customer & Digital Services																					
Risk Management	*	May-19	Satisfactory		7	6	0	5	1	0	86%			1	0	1	0	0	14%	M Lowe	One rec due by 31/12 has no update yet in App.
Compliance with the Freedom of Information Act	*	Mar-19	Limited	6	9	3	0	3	0	0	33%			6	2	4	0	0	67%	M Koltsova	Responsibility for implementation of recommendations has been assigned to new Information Governance Officer - deadlines for recs have been revised to allow new officer time to action
Finance																					
General Ledger	*	May-19	Satisfactory		3	3	0	2	1	0	100%										
Capital & Fixed Asset Accounting	*	Mar-19	Full																		
Treasury Management	*	Nov-18	Full																		
Creditors	*	Nov-18	Satisfactory		2									2	0	2	0		100%	Y Stillwell	No Follow up due as no recommendations made
Debtors	*	Dec-18	Satisfactory	1	2									2	0	2	0		100%	S Corner	Recs to be followed up when 19/20 audit of new system is conducted
Payroll	*	May-19	Satisfactory	5	1	1	0	1	0	0	100%										
Cashiering	*	Nov-18	Satisfactory		1	1	0	1	0	0	100%										
Legal																					
Corporate Governance	*	Mar-19	Satisfactory		9	3	0	2	1	0	33%			6	1	2	3	0	67%	S Gobey & S Sale	COMPLETE Deadline has been revised for 1 o/s P2 rec to 31/5/20. No update yet provided for 4 o/s recs. Deadline for o/s P1 rec has been revised post updated provided. 19/20 annual corporate gov audit noted the actions from this audit are still to be addressed and this was noted in the draft report issued on 2/12/19.
Revenues & Benefits																					
Revenues (Council Tax & NDR)	*	Mar-19	Satisfactory		3	3	1	1	1	0	100%										
Benefits	*	Feb-19	Satisfactory		4	4	1	0	3	0	100%										
Director for Economy																					
Culture																					
Theatres Box Office	WBC	Feb-19	Satisfactory	1	8	8	0	2	6	0	100%										
Place & Investment																					
Asset Management	*	Mar-20	Limited	2	4									4	1	3	0	0	100%	C Cronin & S Spinner	Recs will be followed up through App when due
Planning & Development																					

Place & Economy Development Management	* *	Sep-18 Feb-19	Satisfactory Satisfactory		8 7	8 5	0 0	6 5	2 0	0 0	100% 71%			2	0	2	0	0	29%	L Lord	COMPLETE Update provided through Audit App confirmed completion of 5 recs. Update re o/s 2 requested 19/12/19
Computer Audits																					
Data Centre Access Procedure	*	Jul-19	Limited		11	6	1	5	0	0	55%			5	0	5	0	0	45%	S Dewar	Update provided through App confirmed 6 recs as completed. 2 recs not due until 31/3/20 and deadlines extended for the other 3 to 31/3/20.
Content Management (Website- Internet)	*	DRAFT																			
Contract Audits																					
Construction - Adur Civic Centre Phase 1	*	WIP																			
Fire Doors	ADC	DRAFT																			
Car Parks - LED lighting replacement	WBC	Jan-19	Satisfactory		5	5	0	1	4	0	100%										COMPLETE
Cross Service Audits																					
Emergency Planning	*	Nov-18	Satisfactory		3	3	0	2	1	0	100%										
Energy Management	*	Aug-19	Satisfactory	1	3	2	0	1	1	0	67%			1	0	1	0	0	33%	F Iliffe	COMPLETE Deadline for o/s rec revised to 31/12/20.
					171	102	7	65	30	0	60%	0	0%	69	11	49	9	0	40%		

	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	1	2	3	Other	Percentage of recs completed	Recs carried over into next audit	%of recs carried over	Number of recs outstanding	1	2	3	Other	Percentage of recs outstanding	Key auditees	Comments
Director for Communities																					
Housing																					
Tenancy Management	ADC only	Mar-20	Limited	1	11									11	1	9	1	0	100%	A Eremie	Recs will be followed up through the App when due
Rent in Advance	*																				
Regulatory Compliance	ADC only	DRAFT																			
Homeless Reduction Act compliance	*	DRAFT												2	0	1	1	0	100%	M Butler	Recs will be followed up through the App when due
Allocations	*	Dec-19	Satisfactory	2	2																
Wellbeing																					
Management of Community Buildings	*																				
Director of Digital & Resources																					
Revenues & Benefits																					
Revenues & Benefits	*	Feb-20	Satisfactory		1									1	0	0	1	0	100%	P Tonking	Rec will be followed up through the App when due
Financial Services																					
General Ledger	*																				
Exchequer (Creditors & Debtors)	*																				
Cashiering	*	Feb-20	Satisfactory		1	1	0	1	0	0	100%			1	0	1	0		100%	S Gobey	COMPLETE Deadline has been revised to 30/3/20
Budget Development	*	Oct-19	Satisfactory		1																COMPLETE
VAT Arrangements	*	Oct-19	Satisfactory		1	1	0	0	1	0	100%										
Customer & Digital Services																					
Management of Call Centre volumes	*	Aug-19	Satisfactory	1	1	1	0	1	0	0	100%										COMPLETE
Risk Management	*																				
Legal Services																					
Corporate Governance	*	Jan-20	Satisfactory	1	1	1	0	0	1	0	100%										COMPLETE
Decision Making	*	Sep-19	Satisfactory	1	1									1	0	1	0		100%	N Terry	Rec was due on 31/10/19 but no update provided yet.
Human Resources																					
Data input & accuracy	*	Feb-20	Limited	1	10									10	1	8	1	0	100%	H Christmas	Recs will be followed up through the App when due
Apprenticeships	*	DRAFT																			
Business & Technical Services																					
Asbestos Management (non Housing)	*																				
Business Continuity	*																				
Building Maintenance Compliance (non Housing)	*	DRAFT																			
Director for Economy																					
Planning & Development																					
Land Charges	*																				
Planning Enforcement	*	Jan-20	Limited		9	5	0	5	0	0	56%			4	0	3	1	0	44%	J Blower	Recs will be followed up through the App when due
Major Projects & Investment																					
Management of Major Projects	*																				
Management of the Commercial Property Portfolio	*																				
COMPUTER AUDITS																					
Network Architecture and Resilience	*																				
Account Security	*																				
Device Security	*																				
Incident & Problem Management	*																				
Supplier & Contract Management	*																				
GDPR Compliance	*																				
CONTRACT AUDITS																					
Management of Capital Programme	*																				
Contract audit - Concrete Repairs Grafton Car Park	WBC only																				
Procurement & Contract Management - Housing	*																				
CROSS SERVICE REVIEWS																					
Welfare Reform	*																				
Councils preparedness for EU exit	*	Dec-19	Satisfactory		1	1	0	0	1	0	100%										COMPLETE
					40	10	0	7	3	0	25%	0	0%	30	2	23	5	0	75%		

Outstanding Priority 1 Recommendations

Appendix 6

Leaseholder Service Charges (2017-18 Final Report issued March 2018)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.1 The Council should document a Leasehold Management Policy, which outlines the legislative framework (and timescales) within which it is required to operate for the various leasehold functions and services that it provides.</p> <p>The policy should:</p> <ul style="list-style-type: none">• Outline any local policy decisions in respect of the management of leaseholders, recovery of charges etc. and detail how these requirements will be achieved;• Clearly state how the Council will deal with major repair costs, including outlining the statutory processes that have to be completed and the timescales to ensure the recovery of costs (e.g. invoice or issue S20B notice within 18 months of cost being incurred; and• State at what level the cost of repairs will be pursued (e.g. minor costs above the £250 legislative rate may not be cost effective for the Council to pursue where there are only a few leaseholders, but if there were several then the costs and effort would be worth it). <p>Once documented, the Policy should be approved by the relevant senior management, member and committee.</p>	<p>There is currently no approved documented policy for Leasehold Management.</p> <p>Where an up to date documented and approved policy does not exist, there is a risk that the Council's objectives and/or responsibilities are not known and may not therefore be achieved.</p>	<p>An overarching policy will be developed. This will be supported by a set of detailed policies and procedures. Work has already begun on identifying those that are required and this will be used as an action plan to ensure all required actions are completed.</p> <p>Deadline - 30th September 2018</p>	<p>Update provided by Interim Leasehold Manager confirmed that a policy was drafted but that the process of consultation and approval needed to be agreed and then completed.</p> <p>Update provided by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>The Repairs policy has been rejected on the grounds of a lack of consultation. A clearer consultation strategy will be needed as part of the process of approving this policy. The aim will be to define this in March 2020. The policy may not be approved therefore until after the local election in May 2020. The target for this needs to be revised to May/June 2020.</p>	30 th June 2020

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.6 The HMS should be updated to indicate which properties have leases which are considered “defective” and information should be recorded within the system notes as to how this impacts on the leaseholder in respect of charging etc.</p> <p>Furthermore, these leases should be reviewed by Legal Services to establish whether anything can be done to correct these, or to establish whether the Council has the ability to review and update these upon re-sale of the property.</p>	<p>During the audit, we were advised that the Council has approximately 70 “defective” leases which restrict the Council in respect of the charges that it can pass on to the leaseholder.</p> <p>We confirmed that details of the leaseholder accounts affected were not contained in Orchard HMS and were further advised by the Tenancy Services Manager that there was a list of these leases but he was unsure where. The list was requested but not provided.</p> <p>Where key information is not held within the relevant system, or is not available, there is an increased risk that resources are wasted working on consultations etc. where the cost of works cannot be recharged to the leaseholder.</p> <p>Where the restrictions of a lease are not known, there is also the risk that the Council attempts to charge a leaseholder leading to possible dispute, complaint and reputation loss.</p>	<p>“Defective” is a term used by the previous Leasehold Manager and relates to older leases where the cost of improvements may not be recoverable. We have already identified four different types of lease and will need additional resources to look through all the current leases in order that we can identify and record those where there are restrictions.</p> <p>A policy/procedure will then be developed for dealing with issues identified from “defective” leases.</p> <p>Legal will be involved in this review.</p> <p>Deadline - 30th June 2019</p>	<p>Update provided by Interim Leasehold Manager confirmed:-</p> <ul style="list-style-type: none"> - The material differences between the two leases types have been identified. - Process underway to check leases on block basis as part of major works process. - Legal advice on requested on interpretation of key clauses affecting recoverability of certain costs. <p>Update provided by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>This is now in process but active monitoring of the action plan needs to be agreed with the Strategy and Service Improvement Manager.</p>	<p>31st March 2020</p>
<p>3.10 Debt recovery procedures should be established, documented and undertaken regularly. Regular reports of outstanding debts for service charges, ground rents, major works and any other charge made to leaseholders should be generated and monitored by relevant staff. Any action taken, i.e. issuing of reminder notes to</p>	<p>Discussions with the TSM at the start of this audit established that, as a result of system changes within Leaseholder Services, including changes in invoicing, debt recovery procedures were not undertaken during the 2016/17 financial year and at the start of the 2017/18 financial year. We were advised that this was being reviewed and tested within the</p>	<p>Will be developed in line with recommendations 3.1 & 3.3.</p> <p>Deadline - 31st March 2019</p>	<p>Update provided by Interim Leasehold Manager confirmed that a list of areas where policies and procedures need to be developed has been drafted and an action plan with priorities and timescales needs to be put in place to</p>	<p>31st March 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
leaseholders, should be recorded within the HMS and copies of documents attached to the leaseholder accounts on I@W.	<p>HMS so debt recovery procedures could start being undertaken by relevant officers and we acknowledge that some debt recovery work has now occurred.</p> <p>We obtained aged debts reports and as at 16/10/17 the outstanding balances were:</p> <ul style="list-style-type: none"> - Main A/C £146,266.03 - Major works £161,477.44. <p>As invoicing has only occurred through HMS since April 2016, this volume of debt is that outstanding since then.</p> <p>Outstanding debts, prior to April 2016 were generated through and are being monitored and recovered through the Council's Debtors system.</p> <p>Where debt recovery procedures are not in place, there is a risk that monies owed to the Council are not collected and this may impact on the HRA and the Council's finances.</p>		<p>deliver.</p> <p>Update provided by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>This is now in process but active monitoring of the action plan needs to be agreed with the Strategy and Service Improvement Manager.</p>	
3.12 Management monitoring should be regularly undertaken to ensure that Service Standards are met.	<p>The following Service Standards are detailed within the Leaseholder Handbook:</p> <ol style="list-style-type: none"> 1. Pg 6 - Annual service charge accounts will be sent out by the first week of October each year. 2. Pg 8 - Advise leaseholders of their service charge bill by the first week in October with a breakdown of costs. 3. Pg 10 - Information of what the leaseholder pays for - "you will receive a service charge bill once a year in October. The period you are paying for is the previous six months which is an actual cost and the following six months which is 	<p>The Councils' Star Survey will be examined and used to develop standards and KPIs/recordable outcomes to monitor performance.</p> <p>Ways to report and communicate performance to customers will also be considered.</p> <p>Deadline - 31st December 2018</p>	<p>Update provided by Interim Leasehold Manager confirmed that service standards need reviewing and revising in line with the Leaseholder Policy once it is completed and a method for monitoring put in place.</p> <p>Update provided by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>This action is dependent upon 3.1 (policy approval) being achieved and may therefore slip beyond the scheduled target of June</p>	31 st August 2020

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>an estimated cost”.</p> <p>4. Pg 11 - details how the service charge can be paid - in full or 10 monthly instalments.</p> <p>5. Pg 13 - details on management charges (25% of repair costs & 10% major works costs).</p> <p>During our walkthrough of an account we noted the following variances from these standards:</p> <p>1 & 3. – The service charges actuals invoices for 2015/16 were sent on 14/12/2016 not in October.</p> <p>2. – The actual/estimated service charges account was not dated so we were unable to confirm when it was sent.</p> <p>4. Invoice sent on 14/12/2016 does not contain any details on the leaseholder being entitled to pay by instalments.</p> <p>5. Actual/estimated service charges account states Admin Charge@ 10% + £75.</p> <p>Where Service Standards are not met, there is an increased risk of leaseholder dissatisfaction, complaint and reputation loss to the Council.</p>		2020. August 2020 is suggested provisionally.	
<p>3.25 A complete revamp of how major works are invoiced is required in order to ensure that works are accurately billed in line with costs incurred, lease requirements and the requirements of Section 20B of the Landlord & Tenant Act 1985.</p> <p>Furthermore clarification should be</p>	<p>The Landlord and Tenant Act 1985 details specific requirements for invoicing. Accuracy of invoicing also assists the Council recover all sums expended.</p> <p>From our review of the major works monitoring spreadsheet, we noted that in many instances, invoicing did not occur until final figures have been received from</p>	<p>A complete overhaul of the major works invoicing process will be undertaken in line with the development of new processes. Training will then be provided and the Leaseholder Handbook and website information will be updated accordingly.</p>	<p>Update provided by Interim Leasehold Manager confirmed that this recommendation is being considered as part of the wider review in Adur Homes for the planning, management and delivery of</p>	<p>30th June 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>sought from the relevant experts as to how VAT should be dealt with in respect of recharging leaseholders the cost of major works.</p>	<p>Technical Services regardless of when the works were completed or when costs were incurred.</p> <p>From our testing on the invoicing for five major works we identified:</p> <ul style="list-style-type: none"> - 1 (85-89 Buci Crescent - Porch) where we found no evidence to confirm that the completed works have been invoiced to the leaseholder or that a Section 20B notice had been served. The contractor's invoice for these works (valued at £3,729.60) was dated 31/1/2015 so under the Section 20B the 18 month rule may no longer be recoverable. - These works were consulted on and there is evidence of such within the N drive and I@W however after the 2nd stage consultation we found no further evidence to support how the works progressed or whether a Section 20B notice was issued. We have noted that these works were generated through the HMS order and monitored by ADC Maintenance Officers rather than through Technical Services. - For 2/4 works (387 Brighton Road – wall ties and 14-18 Lisher Road - replacement of metal railings, balustrades & external decorations), we were unable to locate a copy of the invoice sent to the leaseholder to confirm whether the invoice specifically detailed the actual costs incurred (as required by Section 20B). - For the other 2 works (Grange Court – fire safety and 72-78 Buci Crescent – soil stack) the invoices contain no detail of the actual costs incurred. 	<p>The Government Guidelines on VAT and residential service charges will be considered and complied with during the invoicing process.</p> <p>Deadline - 31st March 2019</p>	<p>the capital programme.</p> <p>Update provide by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>As an additional update an appointment to the role of Programme manager is due in March 2020 which will facilitate this action. The date for completing needs to be pushed back at least a quarter to 30th June 2020.</p>	

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>- 1 (Fire Safety works - Grange Court/Sea House/Locks Court) where the final account figure of £102,811.95 (used to calculate the invoices sent to the leaseholders) does not equate to the sum of the invoices paid to the contractor for these works (£136,067.94).</p> <p>- 1 (72-78 Buci Crescent - Soil Stack) where the tender value was £1,328 yet the final invoice value claimed was £2,096. There is no final account for these works as they were raised as an order through HMS so were managed by a Maintenance Officer. However, the original estimated cost to each leaseholder was £365.20 with the final invoice figure being £371.25. This small increase does not seem to equate to the £768 increase in overall cost of the works.</p> <p>We have also noted during testing that the contracted works attracted VAT yet VAT is not included in any recharge made to leaseholders.</p> <p>Where accurate and detailed invoicing does not occur, there is an increased risk that the Council is failing to meet legislative requirements, that leaseholder challenge may occur and that financial loss will result.</p>			
<p>3.31 A process needs to be effected whereby any potential works where the costs may not be recoverable (i.e. due to defective lease/emergency works etc.) are identified at the earliest opportunity and a decision taken by the Head of Housing (HoH) as to whether the works proceed and the</p>	<p>The cost of some works to leasehold properties may not be recoverable due to restrictions of the lease, emergency etc.</p> <p>Authorisation by the Head of Service is therefore required in order to accept that the cost will be borne by the HRA.</p> <p>We were advised that a Write Off</p>	<p>The process will need to distinguish between decisions made in advance not to charge leaseholders (i.e. emergency works) and decisions after works carried out on the grounds of "reasonableness". The levels of authority for such decisions will</p>	<p>As above</p>	<p>30th June 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>costs are borne by the HRA.</p> <p>Where this decision is taken, an authorisation form should be fully completed and certified by the HoH and a copy of the form attached to the relevant job within HMS/I@W in order that an audit trail exists to support that the costs are not being pursued.</p> <p>Discussions on whether works may be un-recoverable should form part of the regular meetings recommended above with Technical Service & Maintenance Officers.</p>	<p>Authorisation Form should be completed where the cost of works is considered unrecoverable.</p> <p>Examination of the N drive found ten such forms, none of which are dated and none of which are copies of an actual form authorised by the HoH. Some contain notes as to why the costs are unrecoverable but many do not and all look like they have been raised retrospectively rather than as part of a process whereby a decision is taken in advance not to recover the cost. Seven of the ten were related to jobs raised through the HMS.</p> <p>We also noted an example of an order for works (1-6 Warren Court) valued at £9,200 and raised through HMS where an email suggests that the previous HoH agreed the works should be done with no charge to any leaseholder but no write off form for this was found on the N drive.</p> <p>Where the recovery of work costs is not considered at the inception of the works, there is an increased risk that any unrecoverable costs are not authorised in advance of their being incurred and this may lead to increased costs to the HRA.</p>	<p>need to be considered also.</p> <p>Deadline - 31st March 2019</p>		
<p>3.32 The Council's Policy in respect of options available to leaseholders for payment of major works should be reviewed, approved by ADC Executive and then consistently applied.</p>	<p>On 15 June 2010, the ADC Cabinet decided the payment option arrangements for leaseholders, this includes the provision of ten year loans. Furthermore, on 13 July 2010 the ADC Cabinet decided additional deferred payment arrangements for works costing more than £5,000 in any financial year.</p> <p>We have not identified any other</p>	<p>The arrangements will be reviewed with Finance and Legal.</p> <p>Deadline - 31st March 2019</p>	<p>As above.</p> <p>Update provide by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>The Leasehold Manager is drafting options for payment for leaseholders. Once this is completed sign off by Finance will be needed.</p>	<p>31st March 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>reports/decisions which revise the decisions taken by the ADC Cabinet in June/July 2010 therefore these decisions would appear to be the most recent and therefore constitute the current policy.</p> <p>These policy decisions are not, however accurately reflected in the current Leaseholders Handbook which states "If you are not able to pay for the cost of major works in full at the time of invoicing, then we offer an interest free loan up to five years depending on the size of the bill and individual circumstances. In this case you will pay in monthly instalments by either direct debit or payment card".</p> <p>The policy decisions were also not detailed correctly in the Paying for Major Works information that was sent to leaseholders in March 2017 with their invoices. The differences being:</p> <ul style="list-style-type: none"> • The interest added column on the Paying for Major works information states 5.4% for all works costing more than £500 yet this is not what is detailed in the decision by Cabinet. • The Cabinet decision in June 2010 states that "for loans exceeding £1,500, a Land Registry charge would be taken out" the Land Registry requirement on the Paying for Major Works information states N/A for works costing £1,500-£5,000. • The Cabinet decision in July 2010 states the administration fee for deferred payments as £100 yet the Paying for Major Work information states £90. 		Finance has been consulted as part of the process of drawing up these options.	

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>Our walkthrough of a loan arranged in 2015 has shown that he was advised that the charges added to the loan for £10,998 would be 4.4% interest (reviewed annually), £50 admin fee, £40 Land Registry fee and £295 legal costs. This contradicts the Cabinet's decision which states an administration fee of £90 and a Land Registry fee of £50. Furthermore, the reports to the ADC Cabinet in 2010 made no mention of legal costs (nor did the information sent to leaseholders in 2017). The amounts actually invoiced to this leaseholder were £1209.59 interest (so no annual review), £295 legal costs and £40 Land Registry fee (so no admin fee and incorrect LR fee).</p> <p>We have further confirmed that as a result of invoices sent in February 2017, one leaseholder requested to pay their major works costs (£3,072.49) over a period of 24 months. The email sent to this leaseholder confirms that no interest has been added and that monthly standing order payments should be arranged by the leaseholder. The policy requires DD payments and there is no mention of admin or Land Registry costs that the policy requires and no evidence can be seen on HMS/I@W to confirm that costs have been invoiced.</p> <p>Where approved policies are not known or accurately and consistently applied, there is an increased risk that loans are incorrectly arranged or that incorrect fees are charged. This may result in financial loss to the Council.</p>			

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.33 Once the Major Works Payment Policy has been decided the Council should review how implementing payment loans/arrangements will for major works will be achieved.</p> <p>An agreed process, which reflects policy requirements should be effected to ensure that any future loans/arrangements are correctly actioned. Legal Services and Finance should be involved in any discussions to ensure that all legal and financial requirements are met.</p> <p>The agreed process should be formalised in a documented procedure which details the forms that need to be completed, by whom and when and how supporting information/documentation should be retained.</p>	<p>Proper arrangements are required to ensure that the Council effects payment arrangements correctly and in line with any policy and legal requirements.</p> <p>We found some procedures and forms (including a Service Charge Loan Application Form) on the N Drive and emails between the Finance and Leasehold teams going back several years. Our examination of this information suggests that the information provided by the leaseholder on the loan application form would seem to be the primary source for calculation of affordability.</p> <p>Any payment arrangements were effected by Finance until April 2016, when the arrangements transferred to the Adur Homes Leasehold Team.</p> <p>We were advised by the Leasehold Officers that they are very unsure regarding the procedures to be followed, whether they are up-to-date, lines of responsibility etc. They also had queries regarding:</p> <ul style="list-style-type: none"> • how instalments and interest would be applied to Owner Accounts; • monitoring; • how the Council would legally stand in recovering any arrears of interest etc. if charges were not made against properties; and • their ability to calculate interest on loans and setting-up loan/instalment agreements with interest; <p>We have noted elsewhere in the audit</p>	<p>This will be reviewed with Finance and Legal.</p> <p>Deadline - 31st March 2019</p>	<p>As above</p>	<p>31st March 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>inconsistencies with arranging loan agreements and lack of supporting information which would suggest that current arrangements are not effective.</p> <p>Where a defined process for effecting payment arrangements does not exist, there is an increased risk that arrangements are not correctly made or that legal requirements are not satisfied and this may impact on the Council's ability to recover all relevant costs leading to possible financial loss.</p>			
<p>3.36 Adur Homes should rationalise and define within a policy where and how documentation to support the various leaseholder processes should be retained.</p> <p>Staff should then be notified as to the policy requirements.</p>	<p>Defining where and how information should be retained will assist management ensure that all required information is held correctly in a consistent manner.</p> <p>During the audit we confirmed that there are different systems and network locations where staff can access relevant documentation in respect of leaseholder processes.</p> <ul style="list-style-type: none"> • Procedure guidance notes are held within the Council's N: network drive; • Leaseholder Handbook accessible from the Council's Website; • Service Charges, including ground rents information is held within the N: Drive and could be held within Information@ Works; • Supporting documents such as invoices and notices sent to Leaseholders are scanned and held within Information@ Work System or the N drive; 	<p>There are two main areas to be considered:</p> <p>(1) – location of policies, procedures & guidance notes and</p> <p>(2) supporting documentation for calculation of charges, management of accounts etc. Document retention will be incorporated in all relevant procedures.</p> <p>Training will be provided once the policy is agreed.</p> <p>Deadline - 31st March 2019</p>	<p>Update provided by Interim Leasehold Manager confirmed that a list of areas where policies and procedures need to be developed has been drafted and an action plan with priorities and timescales needs to be put in place to deliver.</p> <p>Update provide by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>This is now in process but active monitoring of the action plan needs to be agreed with the Strategy and Service Improvement Manager.</p>	<p>31st March 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<ul style="list-style-type: none"> Supporting documents in respect of major works are held within the N: Drive; and Since the introduction of Google information is also now held on Google drives. <p>Testing in all areas of this audit confirmed the need for regularisation on the retention of supporting information/ documentation as there is limited information and notes held within the HMS system related to leaseholders, documentation could be held in either I@W, the N drive, or in both and in many instances tested not at all.</p> <p>Where documentation is held in a variety of locations or not at all, there is an increased risk that the Council would be unable to demonstrate actions taken if a leaseholder were to challenge charges made upon them. This may lead to dissatisfaction, compliant, Tribunal investigation and potentially financial loss.</p>			
<p>3.37 The issue with indexing documents onto I@W should be rectified as soon as possible and once this is actioned, all outstanding paper records should be scanned and indexed onto the system in order that a complete record of documents is electronically available for each leaseholder account.</p>	<p>The Council's New Ways of Working policy requires for the retention of information electronically.</p> <p>Leasehold Team documents should be retained electronically through the I@W system. However, during the audit, it was confirmed that no indexing was done in 2015/16 or 2016/17 in respect of charging and that currently paper documents are held in boxes.</p> <p>The RTB&LO has confirmed that she indexed the documents relating to the 2017/18 charges and invoicing but</p>	<p>We are reliant on IT to sort the issue – in the meantime we will explore the possibility of bulk filing to I@W to a central folder for each year as an interim solution. Additional resources may be required in order the scanning backlog to be actioned.</p> <p>Deadline - 30th June 2019</p>	<p>Update provided by Interim Leasehold Manager confirmed that a list of areas where policies and procedures need to be developed has been drafted and an action plan with priorities and timescales needs to be put in place to deliver.</p> <p>Update provide by Housing Operations Manager on 4/3/20 confirmed:-</p>	<p>31st March 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>Housing have experienced problems with locating documents that have been scanned and indexed into I@W and that despite this being reported to IT the issue has not been rectified. This has been evidenced within the audit when incorrect documents have been viewed on another leaseholder's account.</p> <p>Where documents are not retained electronically against the correct leaseholder account, there is an increased risk that staff are unable to access all relevant information. The Council's policy in respect of New Ways of Working is also not being achieved. Retaining paper documents in boxes may also increase the risk that information is lost.</p>		This is now in process but active monitoring of the action plan needs to be agreed with the Strategy and Service Improvement Manager.	

Compliance with the Freedom of Information Act 2018/19 (Final report issued in March 2019)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
3.7 A process should be effected to ensure that all staff have completed the mandatory FOI training, especially those staff who are responsible for responding to FOI requests.	<p>A record of all those who completed the FOI training course on the Learning Hub was provided as was a record of contacts from the MatSoft system. Whilst the majority of the contact addresses provided related to a shared inbox, 24 direct email addresses were provided. Those 24 staff were checked against the record of those who had completed the training but only one member of staff from this list had completed the training.</p> <p>The list of those staff who had completed the mandatory training only contained 86</p>	<p>The SIGO will be carrying out a series of workshops for Service Information Officers during the months of March and April 2019. The SIGO is also currently reviewing the FOI training Course on the Learning hub as it is not fit for purpose. Once this is updated the SIGO will re-launch the learning module, which will be mandatory and it will be the responsibility of Heads of Service to ensure their teams complete this training.</p>	<p>Update provided by Head of Customer & Digital Services on 9/8/19 confirmed that the SIGO held workshops with key officers in May and June 2019 but had since resigned and a new SIGO would take up position in October 2019.</p> <p>Update provided on 31/10/19 confirmed that new FOI training has been identified and funding allocated. New SIGO started in post on</p>	31 st March 2020

	<p>staff. This is significantly less than the 850 staff that the Councils have. It was not possible for a report to be run confirming the staff who had not completed the training. However, our test clearly demonstrates that there is currently no effective process in place for ensuring that mandatory training is completed. This issue was also raised in the previous FOI audit.</p> <p>Where mandatory FPI training is not completed and there is no process for monitoring that such training has been completed, there is a risk that staff responsible for completing FOI requests are not sufficiently trained and that requests will not be responded to appropriately and may result in reputational damage or financial loss.</p>	<p>Deadlines:-</p> <p>Workshops: 30th April 2019</p> <p>E-learn: 31st May 2019</p>	<p>14/10/19 and rolling out training is on priority list.</p> <p>Update provided by SIGO on 28/2/20 confirmed that deadline had been extended because "Learning & Development had technical issues with uploading the new training modules. They also confirmed that a monthly course completion report with all staff and their line managers and completed/not completed status will be sent to SIGO, once the course is live but go-live date not confirmed".</p>	
<p>3.10 All FOI requests should be responded to within 20 working days in accordance to the statutory requirements.</p>	<p>The FOI Act requires that FOI requests are replied to within 20 working days.</p> <p>Tests on the sample of ten FOI requests identified three cases where the responses were made after the 20 working day requirement. We also identified a further two cases which did not appear to have been responded to.</p> <p>Where FOI requests are not responded to within twenty working days, there is an increased risk of customer dissatisfaction leading to complaints and investigation by the Information Commissioner. The Councils' reputation will be damaged and they may be fined due to non-compliance.</p>	<p>The SIGO has already taken steps to address this. Any FOI that goes over the deadline becomes the responsibility of the Head of Service. Notifications are also sent to Directors where deadlines are at risk of being missed. Responsibility is escalated as early as possible. Compliance has improved but further work needs to be done. The FOI workshops and online training mentioned above should also highlight the need to respond</p> <p>Deadline - 31st May 2019</p>	<p>Update provided by Head of Customer & Digital Services on 9/8/19 confirmed that performance on FOI responses had improved significantly since the audit and is being reported to CLT but the SIGO position had been vacant since July 2019 but a new officer was starting in October 2019 who will continue to progress the good work completed so far.</p> <p>Update provided by SIGO on 28/2/20 confirmed that "Ongoing issues. Deadline moved to June 2020, because of the ETA for new policies (May 2020), the introduction of the Information Governance Service Plan 20/21 (OLG on</p>	<p>30th June 2020</p>

			30/03/20) and subsequent development and embedding of compliance standards for Services. Workshop on FOI/EIR for SIOs was held on 24/02/2020 and importance of deadlines reiterated. Also, monthly case studies are now published in the staff newsletter that also reiterate the importance of compliance".	
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Corporate Governance 2018/19 (Final Report issued March 2019)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
3.8 Mandatory training in respect of governance (such as ethics and risk management) should be provided to all staff when they start at the Councils, as a refresher on a tri-annual basis and when any legislative changes occur. The Monitoring Officer should consult with Human Resources (HR) through the People Working Group or by other means in order to highlight issues and gaps in officer awareness, and identify satisfactory means by which relevant staff could have these areas matched to their training plans.	<p>There is currently no mandatory governance training provided to staff and there is no longer centralised induction training provided where such issues may be raised.</p> <p>Whilst we noted that HR are currently in the process of reviewing training provision, including at time of induction, through the People Working Group, the group did not at that time have any representation from Legal/Democratic Services.</p> <p>During the audit we noted a number of areas in which officers expressed reservations about wider staff awareness of core governance requirements including:</p> <ul style="list-style-type: none"> The need to register and publish notice of key and exempt decisions at least 28 days in advance; and 	<p>Governance and Decision Making Training has been offered on 3 separate occasions to all Senior Managers, Heads of Service & Directors during the last 6 months. This included training about key and exempt decisions.</p> <p>Training on Scheme of Delegations to Officers is being undertaken on a one to one basis with each Head of Service and their managers and there is a rolling programme being undertaken to review all sub delegations and publish the register of sub- delegations. It is anticipated this will be completed by December 2019.</p> <p>Training on ethics should be completed by line managers at induction time with reference to the Officer Code of Conduct and</p>	<p>Update provided by Monitoring Officer on 24/2/20 confirmed that "induction training is being developed. It is anticipated that this will cover ethics, officer code of conduct, risk management, officer scheme of delegations, committee structure, decision making and key and decisions, exempt information and access to information.</p> <p>It is anticipated that a cycle of the training being delivered every 6 months to new starters will commence this summer".</p> <p>Deadline has been revised to allow for first cycle of training to be conducted.</p>	31 st August 2020

	<ul style="list-style-type: none"> The need to inform the Monitoring Officer of any sub-delegations of duty. <p>Where officers are unfamiliar with governance requirements, there is a risk that constitutional and/or statutory responsibilities will not be met which could result in unlawful or mismanaged decisions and actions.</p>	<p>Protocol for Relationships which form part of the constitution and are available to all staff on the website.</p> <p>Deadline - 31st December 2019</p>		
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Building Services – Stocks & Stores 2018/19 (Final Issued October 2019)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
The stock control spreadsheet should be kept up to date in order that it accurately reflects the current physical existence of materials in both the main storage and operatives' vans.	<p>Maintaining up to date records assists management in ensuring the accuracy of its' stock levels and provides for effective stock management to be implemented.</p> <p>At the time of the audit, the Building Services Team was revamping its stock control processes. We were informed that an exercise was being undertaken to ensure clear and accurate records are being maintained by the Team in respect of stock type and quantity.</p> <p>Where up to date and accurate stock records are not maintained, there is an increased risk of loss or misappropriation of stock, which would result in a direct financial loss for the Council</p>	<p>Building Services have done some work to revamp processes. Housing Operations Manager to check what the improvements have been insofar as they may resolve some of the action points in the audit report.</p> <p>Deadline - 31st December 2019</p>	A check has been made and confirmation given as at 04/03/2020 that the stores stock sheet is up to date. There is an outstanding need to address the issue of the full stock on each vehicle. An aim will be to complete this by end of April 2020 at the latest.	30 th April 2020



ADUR & WORTHING
COUNCILS

Joint Governance Committee
24 March 2020
Agenda Item 8

Key Decision: No

Ward(s) Affected: N/A

2020/21 INTERNAL AUDIT PLAN

REPORT BY THE ACTING HEAD OF INTERNAL AUDIT

Executive Summary

1. Purpose

- 1.1 This report Asks Members to consider and approve the 2020/21 Internal Audit Plan.

2. Recommendations

2.1 Recommendation One

That the Committee consider whether there are any specific audits which they would like to see progressed in 2020/21, which are not currently contained within the proposed plan.

2.2 Recommendation Two

That the 2020/21 Audit Plan be approved.

3. Context

3.1 Background

Audit Plans have been presented annually to Members for approval since 1998.

In order to focus audit resources on areas of high risk or where independent assurance is required, we have met with each Head of Service to discuss and identify potential audits by:

- Reviewing the risks contained within the Councils' corporate and service risk registers;
- Discussing areas of change or concern;

- Considering current issues impacting on Local Government; and
- Considering the requirements of the Chartered Institute of Internal Auditors (CIIA) International Standards which became effective from 1 April 2013.

4. Issues for Consideration

- 4.1 The proposed 2020/21 Internal Audit Plan, attached as **Appendix A**, consists of 29 audits and 510 days of work allocated as summarised below:

Category of Work	Type of Work	Number of Days
Audits of High Risk areas	System audits, annual testing of key financial and governance systems	220
Audits of High Risk areas	Cross service audits	40
Audits of Medium Risk areas	System audits	26
Audits of Low Risk areas	System audits	5
ICT Audits	Specialist ICT related audits and Application Reviews	60
Contract Audits	Specialist reviews & Contract examination	36
NFI	Co-ordination & investigation of matches	30
Follow Up	Follow up to confirm implementation of agreed audit recommendations	20
Other	Management & Contingency	73
Total Days in Plan		510

- 4.2 An ongoing system of monitoring the progress of audit work against the plan is in place. Monthly progress is reported to the Chief Financial Officer and quarterly reports on progress are presented to this Committee. In accordance with the Terms of Reference, other reports may be presented to the Committee as necessary during the year.
- 4.3 The Committee is also asked to consider whether there are any specific areas of interest, which they would like to see covered in the 2020/21 Audit Plan.

5. Engagement and Communication

- 5.1** Following the meetings with each Head of Service, the proposed draft 2020/21 plan was compiled and sent to all Heads of Service for any further comment. It was then sent to the Councils' Leadership Team for review and comment and has been discussed with the Chief Financial Officer. Any comments received have been addressed within the proposed plan.

6. Financial Implications

- 6.1** This plan is based on the reduced audit plan agreed in order to achieve the savings reported to Overview & Scrutiny Committee on 26 November 2015.

7. Legal Implications

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

Background Papers

None

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Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified.

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

The report does not seek to meet any particular Council priority.

	RISK REGISTER ISSUE	NOTES	AUDIT RISK RATING	INDICATIVE DAYS	Q1 APR-JUN	Q2 JUL-SEP	Q3 OCT-DEC	Q4 JAN-MAR
ECONOMY								
Planning & Development								
Building Control		The team is fully resourced for the first time - service has Quality Standard - HoS would like assurance that standards are being applied with	H	10			10	
Street Naming & Numbering		There is a resilience issue in that only one member of staff does this work. HoS would like IA assurance that processes are in place should the key officer be absent long term	L	5	5			
Place & Economy								
Markets	P&E - Risk of not achieving commercial income (Medium)	Area was subject to fraud through theft of pitch fees in 2016. Changes made and a new officer is now in post, potential growth area both inside and outside of the District/Borough so assurance needed that processes are effective and will allow for growth	H	15		15		
Major Projects & Investment								
Governance of Property Purchases & Disposals	MPI - Property management & acquisition protocols (Medium)	HoS request for IA assurance - to include examination of decision making to ensure requirements are being complied with	H	15		15		
Business & Technical Services								
Out of Hours Service	Corporate Risk - Emergency Response (Medium)	Arrangements are being revised so IA assurance on new processes requested	H	10				10
COMMUNITIES								
Environmental Services								
Review of Procurement arrangements		HoS request to look at how parts of service are procuring goods/services and compliance with Council Contract Standing Orders	H	15		15		
Stores		Arrangements are being revised so IA assurance on new processes requested	M	10				10
Housing Services								
Leaseholder Services	HS - Failure to manage leaseholder services appropriately	No assurance audit in 17-18. HoH request for review of revised processes to provide assurance	H	15			15	
Housing Rents	HS - Housing Revenue Account - Financial sustainability as a result of Rent Reduction Policy and Rent Collection levels - impact on budget and service provision (High)	Bi-annual key financial audit as no coverage in 19/20	H	10		10		
Disabled Facilities Grants		HoS request to provide assurance over processes	H	10	10			
Wellbeing								
None								
DIGITAL & RESOURCES								
Risk Management		Annual audit of Council risk management processes	H	10				10
Customer & Digital								
Elections	C&D - Elections & Referenda - increasing complexity and frequency (Medium)		H	15			15	
Revenues & Benefits								
Revenues & Benefits		Annual testing of key controls across both Councils and both services	H	30			30	
Financial Services								
General Ledger		Annual testing following implementation of Tech1 in Nov 2019	H	10			10	
Exchequer (Creditors & Debtors)		Annual testing following implementation of Tech1 in Nov 2019	H	20				20
Payroll		New integrated HR/Payroll system being implemented in year - first full audit	H	15				15
Budget Monitoring	Corporate Risk - Council Finances (High)	HoS suggestion - to include achievement of budget savings	H	10	10			
	FS - Risk to overall financial position (High)							
	FS - General Risk of not finding sufficient budget savings from both Councils (High)							
	FS Savings anticipated from reviews are not delivered (Medium)							
Capital		Bi-annual audit as Full assurance achieved in 18/19	M	8				8
Treasury Management		Bi-annual audit as Full assurance achieved in 18/19	M	8		8		
Legal Services								
Corporate Governance	HR - People not engaging in mandatory training which leaves the Councils exposed to risks (Medium)	Annual audit of general governance arrangements. Include mandatory training (risk). HoS notes - Scrutiny Function is being reviewed. Look at Standards arrangements (Members Code of Conduct)	H	10		10		
Human Resources								
None								
COMPUTER AUDITS								
Email archiving, exchange & Google		IT Audit Needs Assessment	H	15		15		



ADUR & WORTHING
COUNCILS

Joint Governance Committee
24 March 2020
Agenda Item 9

Ward(s) Affected: All

Update of the CCTV Policy

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- To update the Adur & Worthing Councils' CCTV Policy and make it compliant with the current legislation and guidance.
- To ensure compliance with data protection legislation and to ensure that good operational arrangements are in place.

2. Recommendations

2.1 That the Joint Governance Committee, on behalf of the Councils, reviews and approves the CCTV (Closed Circuit Television) Policy v2.0

3. Context

- The CCTV (Closed Circuit Television) Policy v1.0 was reviewed and approved by the Joint Governance Committee on 28/11/17.
- Since then the Data Protection Act 1998 was repealed and replaced by the Data Protection Act 2018 and the General Data Protection Regulation.
- The Surveillance Camera Commissioner's and Information Commissioner's guidance was also updated.

4. Issues for consideration

- No new obligations are introduced by the updated Policy, apart from the requirement to conduct a Data Protection Impact Assessment using the Surveillance Camera Commissioner's standard templates.

5. Engagement and Communication

- No internal or external engagement.

6. Financial Implications

- There are no specific financial implications arising from this report.

7. Legal Implications

- Policy reviewed and agreed by Legal Officer.
- The processing of personal data must comply with the Data Protection Act 2018 and the General Data Protection Regulation.
- The Joint ADC and WBC Surveillance Policy and Procedure is a separate policy covering covert surveillance and governed by the Regulation of Investigatory Powers Act 2000. It is maintained by the Councils' Monitoring Officer in Legal Services.

Background Papers

- Draft CCTV (Closed Circuit Television) Policy v2.0 (attached below)
- [The CCTV \(Closed Circuit Television\) Policy v1.0](#)
- [Joint Governance Committee 28 November 2017 - Item 9 - CCTV Policy](#)

Officer Contact Details:-

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Sustainability & Risk Assessment

1. Economic

- Matter considered and no issues identified.

2. Social

2.1 Social Value

- It ensures that data protection and individuals' information rights are taken into consideration when CCTV is used by the Councils.

2.2 Equality Issues

- Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

- It enables usage of CCTV for community safety purposes that is compliant with the data protection legislation.

2.4 Human Rights Issues

- This Policy is intended to ensure that human rights, the right to privacy in particular, are considered prior to and during the operation of CCTV. The appropriate use of Data Protection Impact Assessments and CCTV self assessments would demonstrate the Councils' compliance with human rights.

3. Environmental

- Matter considered and no issues identified.

4. Governance

- Matter considered and no issues identified.

Closed Circuit Television (CCTV) Policy

Date	Version number	Changes
28/11/17	1.0	Approved by Joint Governance Committee
	2.0 DRAFT	

1. Introduction

Images recorded by surveillance systems identifying a living individual are personal data which must be processed in accordance with data protection laws. This policy is in place to ensure that Adur District Council and Worthing Borough Council (“the Council”) complies fully with its legal obligations under the Data Protection Act 2018 (DPA) and General Data Protection Regulation (GDPR).

2. Purpose and scope

This policy details the good practice standards recognised by the Information Commissioner’s Office and the Surveillance Camera Commissioner which must be adhered to for operating CCTV.

The [Information Commissioner's Office](#) (ICO) is responsible for administering the provisions of the DPA and GDPR and has powers to take legal action and fines against organisations found to be acting unlawfully.

The [Surveillance Camera Commissioner](#) (SCC) was created under the Protection of Freedoms Act 2012 (POFA) to encourage compliance with the Surveillance Camera Code of Practice. The Councils must have regard to this Code of Practice when implementing surveillance camera systems covered by the Code. See **Appendix A** for the 12 guiding principles contained in the Code of Practice.

This policy document must be read in conjunction with the [SCC The Surveillance Camera Code of Practice](#) and the Council’s Data Protection Policy.

By following these provisions the Council will ensure that arrangements are both fair and lawful.

This policy covers the use of camera related surveillance equipment including

- Automatic Number Plate Recognition (ANPR)
- body worn video (BWV);
- unmanned aerial systems (UAS) aka Drones; and
- other systems that capture information of identifiable individuals or information relating to individuals.

Covert surveillance activity is not covered in this policy because this activity is

governed by the Regulation of Investigatory Powers Act 2000. This type of recording is covert and directed at an individual or individuals. See the [Council's' Surveillance Policy and Procedures](#) (available on the Intranet).

This policy covers all employees, officers, consultants and volunteers. This policy may be amended at any time and does not form part of the terms and conditions of any employment or other contract.

3. Deciding when surveillance camera systems should be used

Using surveillance systems can be privacy intrusive. They are capable of placing large numbers of law-abiding people under surveillance and recording their movements as they go about their day-to-day activities.

Careful consideration should be given to whether or not to use a surveillance system. Taking into account the nature of the problem seeking to address; whether a surveillance system would be a justified and an effective solution, whether better solutions exist, what effect its use may have on individuals, and whether in the light of this, its use is a proportionate response to the problem.

Under the GDPR, there is a legal obligation (Article 25) to implement data protection by design and by default. This means integrating data protection concerns into every aspect of the Councils' processing activities.

Under the GDPR Data Protection Impact Assessments (DPIAs) (Ref GDPR Article 35, 36) are mandatory for large scale CCTV monitoring surveillance. These will be conducted in consultation with the Council's Data Protection Officer and, if necessary, the ICO.

The Council will use the SCC's [Data Protection impact assessments for surveillance cameras](#) (Aug 2017), the Surveillance Camera Code of Practice and the ICO's [Data Protection impact assessments](#) guidance for good practice advice when evaluating the use of CCTV.

4. Governance

For each CCTV deployment the lead Council Officer for the project must :

1. Contact the Councils' Data Protection Officer with completed copies of the three documents contained within **Appendix B**.

2. Ensure that the Register of Processing Activity (ROPA - ref GDPR Article 30) is updated where necessary to reflect the new processing.

3. Undertake and maintain records of an annual review of CCTV using the Surveillance Camera Commissioner's self assessment tool.

5. Document Review

This policy will be reviewed annually by the Data Protection Officer.

6. References & Guidance

- [The Surveillance Camera Code of Practice](#)
- [A guide to the 12 principles](#)
- [Steps to complying with the 12 principles](#)
- [Data Protection impact assessment: carrying out a data protection impact assessment on surveillance camera systems\)](#)
- [Self assessment tool: surveillance camera code of practice](#)
- [Recommended standards for the surveillance camera industry](#)

Appendix A - The guiding principles of the Surveillance Camera Code of Practice

[System operators should adopt the following 12 guiding principles:](#)

1. Use of a surveillance camera system must always be for a specified purpose which
is in pursuit of a legitimate aim and necessary to meet an identified pressing need.
2. The use of a surveillance camera system must take into account its effect on individuals and their privacy, with regular reviews to ensure its use remains justified.
3. There must be as much transparency in the use of a surveillance camera system as possible, including a published contact point for access to information and complaints.
4. There must be clear responsibility and accountability for all surveillance camera system activities including images and information collected, held and used.
5. Clear rules, policies and procedures must be in place before a surveillance camera system is used, and these must be communicated to all who need to comply with them.
6. No more images and information should be stored than that which is strictly required for the stated purpose of a surveillance camera system, and such images and information should be deleted once their purposes have been discharged.
7. Access to retained images and information should be restricted and there must be clearly defined rules on who can gain access and for what purpose such access is granted; the disclosure of images and information should only take place when it is necessary for such a purpose or for law enforcement purposes.
8. Surveillance camera system operators should consider any approved operational, technical and competency standards relevant to a system and its purpose and work to meet and maintain those standards.
9. Surveillance camera system images and information should be subject to

appropriate security measures to safeguard against unauthorised access and use.

10. There should be effective review and audit mechanisms to ensure legal requirements, policies and standards are complied with in practice, and regular reports should be published.

11. When the use of a surveillance camera system is in pursuit of a legitimate aim, and there is a pressing need for its use, it should then be used in the most effective way to support public safety and law enforcement with the aim of processing images and information of evidential value.

12. Any information used to support a surveillance camera system which compares against a reference database for matching purposes should be accurate and kept up to date.



DATA PROTECTION IMPACT ASSESSMENT

**CARRYING OUT A DATA PROTECTION IMPACT
ASSESSMENT ON SURVEILLANCE CAMERA SYSTEMS**

Purpose of this advice and template

Principle 2 of the surveillance camera code of practice¹ states that the use of a surveillance camera system must take into account the effect on individuals and their privacy, with regular reviews to ensure its use remains justified. The best way to ensure this is by carrying out a data protection impact assessment (DPIA) before any surveillance camera system is installed, whenever a new technology or functionality is being added on to an existing system, or whenever there are plans to process more sensitive data or capture images from a different location. This will assist in assessing and mitigating any privacy issues linked to the use of a surveillance system.

A DPIA is one of the ways that a data controller can check and demonstrate that their processing of personal data is compliant with the General Data Protection Regulation (GDPR)² and the Data Protection Act (DPA) 2018. There are statutory requirements to carry out a DPIA in Section 64 DPA 2018 and article 35 of the GDPR.

The Information Commissioner has responsibility for regulating and enforcing data protection law, and has published [detailed general guidance](#) on how to approach your data protection impact assessment. In many cases under data protection law, a DPIA is a mandatory requirement. The Surveillance Camera Commissioner (SCC) and the Information Commissioner's Office (ICO) has worked together on this advice, which is tailored to the processing of personal data by surveillance camera systems.

Suggested steps involved in carrying out a DPIA are shown in **Appendix One**.

A further benefit of carrying out a DPIA using this template is that it will help to address statutory requirements under the Human Rights Act 1998 (HRA). Section 6(1) HRA provides that it is unlawful for a public authority to act in a way which is contrary to the rights guaranteed by the European Convention on Human Rights (ECHR). Therefore, in addition to the above, as a public body or any other body that performs public functions you must make sure that your system complies with HRA requirements. Whilst the particular human rights concerns associated with surveillance tend to be those arising from Article 8 which sets out a right to respect for privacy, surveillance does also have the potential to interfere with rights granted under other Articles of the ECHR such as conscience and religion (Article 9), expression (Article 10) or association (Article 11).

If you identify a high risk to privacy that you cannot mitigate adequately, data protection law requires that you must consult the ICO before starting to process personal data. Use of any surveillance camera system with biometric capabilities, such as Automated Facial Recognition technology, is always likely to result in a high risk to the rights and freedoms of individuals and therefore a DPIA must always be carried out in respect of those systems before you process any personal data. There is a risk matrix at **Appendix Two** that can help you to identify these risks.

¹ Surveillance Camera Code of Practice issued by the Home Secretary in June 2013 under Section 30(1)(a) Protection of Freedoms Act 2012

² Regulation (EU) 2016/679 of the European Parliament and European Council, also known as the General Data Protection Regulation, was transposed into UK law through the Data Protection Act 2018. Any processing of personal data by competent authorities for the prevention, investigation, detection or prosecution of criminal offences is regulated under Part 3 of the Data Protection Act 2018 which transposes Directive (EU) 2016/680, also known as the Law Enforcement Directive, into UK law.

Who is this template for?

To complement the ICO's detailed general guidance for DPIAs, the SCC has worked with the ICO to prepare this template specifically for those organisations in England and Wales that must have regard to the Surveillance Camera Code of Practice under Section 33(5) of the Protection of Freedoms Act 2012. This template helps such organisations to address their data protection and human rights obligations in the specific context of operating surveillance cameras.

This surveillance camera specific DPIA is also intended to be of value to the wider community of public authorities and any other bodies, whether public or private, who perform public functions. This secondary audience is subject to the same legal obligations under data protection and human rights legislation, and is encouraged by the SCC to follow guidance in the Surveillance Camera Code of Practice on a voluntary basis.

When should you carry out the DPIA process for a surveillance camera system?

- Before any system is installed.
- Whenever a new technology or functionality is being added on to an existing system.
- Whenever there are plans to process more sensitive data or capture images from a different location.

In deciding whether to carry out a DPIA and its scope, consideration must be given to the nature and scope of the surveillance camera activities and their potential to interfere with the privacy rights of individuals.

You **must** carry out a DPIA for any processing of surveillance camera data that is likely to result in a high risk to individual privacy. The GDPR states that a DPIA "shall in particular be required in the case of systematic monitoring of publicly accessible places on a large scale" (Article 35).

Furthermore, as a controller in relation to the processing of personal data, you must seek the advice of a designated Data Protection Officer when carrying out a DPIA.

To assess the level of risk, you must consider both the likelihood and the severity of any impact on individuals. High risk could result from either a high probability of some harm, or a lower possibility of serious harm. It is important to embed DPIAs into your organisational processes such as project planning and other management and review activities, and ensure the outcome can influence your plans. A DPIA is not a one-off exercise and you should see it as an ongoing process, and regularly review it.

As part of an ongoing process, your DPIA should be updated whenever you review your surveillance camera systems, it is good practice to do so at least annually, and whenever you are considering introducing new technology or functionality connected to them.

The situations when a DPIA should be carried out, include the following:

- When you are introducing a new surveillance camera system.

- If you are considering introducing new or additional technology that may affect privacy (e.g. automatic facial recognition, automatic number plate recognition (ANPR), audio recording, body worn cameras, unmanned aerial vehicles (drones), megapixel or multi sensor very high resolution cameras).
- When you are changing the location or field of view of a camera or other such change that may raise privacy concerns.
- When you are reviewing your system to ensure that it is still justified. Both the Surveillance Camera Code of Practice and the ICO recommend that you review your system annually.
- If your system involves any form of cross referencing to other collections of personal information.
- If your system involves more than one company or agency undertaking activities either on your behalf or in their own right.
- When you change the way in which the recorded images and information is handled, used or disclosed.
- When you increase the area captured by your surveillance camera system.
- When you change or add an end user or recipient for the recorded information or information derived from it.

If you decide that a DPIA is not necessary for your surveillance camera system, then you must record your decision together with the supporting rationale for your decision.

Description of proposed surveillance camera system

Provide an overview of the proposed surveillance camera system

This should include the following information:

- An outline of the problem(s) the surveillance camera system is trying to resolve.
- Why a surveillance camera system is considered to be part of the most effective solution.
- How the surveillance camera system will be used to address the problem (identified above).
- How success will be measured (i.e. evaluation: reduction in crime, reduction of fear, increased detection etc).

In addition, consideration must be given to the lawful basis for surveillance, the necessity of mitigating the problem, the proportionality of any solution, and the governance and accountability arrangements for any surveillance camera system and the data it processes.

The following questions must be considered as part of a DPIA:

- Do you have a lawful basis for any surveillance activity?
- Is the surveillance activity necessary to address a pressing need, for example: public safety; the prevention, investigation, detection or prosecution of criminal offences; or, national security?
- Is surveillance proportionate to the problem that it is designed to mitigate?

If the answer to any of these questions is no, then the use of surveillance cameras is not appropriate.

Otherwise please proceed to complete the template below, where your initial answers to these questions can also be recorded.

DATA PROTECTION IMPACT ASSESSMENT TEMPLATE

Statutory requirements in Section 64 DPA 2018 and article 35 of the GDPR are that your DPIA **must**:

- describe the nature, scope, context and purposes of the processing;
- assess necessity, proportionality and compliance measures;
- identify and assess risks to individuals; and
- identify any additional measures to mitigate those risks.

Statutory requirements in Sections 69-71 DPA 2018 and articles 37-39 of the GDPR are that if you are a public authority, or if you carry out certain types of processing activities, you **must** designate a Data Protection Officer (DPO) and always seek their advice when carrying out a DPIA. The ICO provides [guidance on the requirement to appoint a DPO](#). If you decide that you don't need to appoint a DPO you should record your decision and your supporting rationale. In the performance of their role, a DPO must report to the highest management level within the controller.

These statutory requirements indicate that a DPIA should be reviewed and signed off at the highest level of governance within an organisation.

To help you follow these requirements this template comprises two parts.

Level One considers the general details of the surveillance camera system and supporting business processes, including any use of integrated surveillance technologies such as automatic facial recognition. It is supported by **Appendix Three** which helps to capture detail when describing the information flows. The SCC's [Passport to Compliance](#) provides detailed guidance on identifying your lawful basis for surveillance, approach to consultation, transparency and so on.

Level Two considers the specific implications for the installation and use of each camera and the functionality of the system.

Template – Level One

Location of surveillance camera system being assessed:

Date of assessment

Review date

Name of person responsible

Name of Data Protection Officer

GDPR and Data Protection Act 2018 and Surveillance Camera Code of Practice

1. What are the problems that you need to address in defining your purpose for using the surveillance camera system? Evidence should be provided which includes relevant available information, such as crime statistics for the previous 12 months, the type, location, times and numbers of crime offences, housing issues relevant at the time, community issues relevant at the time and any environment issues relevant at the time.

2. Can surveillance camera technology realistically mitigate the risks attached to those problems? State why the use of surveillance cameras can mitigate the risks in practice, including evidence to justify why that would be likely to be the case.

3. What other less privacy-intrusive solutions such as improved lighting have been considered? There is a need to consider other options prior to any decision to use surveillance camera systems. For example, could better lighting or improved physical security measures adequately mitigate the risk? Does the camera operation need to be 24/7? Where these types of restrictions have been considered, provide your reasons for not relying on them and opting to use surveillance cameras as specified.

4. What is the lawful basis for using the surveillance camera system? State which lawful basis for processing set out in Article 6 of the GDPR or under Part 3 of DPA 2018 applies when you process the personal data that will be captured through your surveillance camera system.

5. Can you describe the information flows? State how data will be captured, whether it will include audio data, the form of transmission, if there is live monitoring or whether data will be recorded, whether any integrated surveillance technologies such as automatic facial recognition is used, if there is auto deletion after the retention period, written procedures for retention in line with stated purpose, written procedures for sharing data with an approved third party, record keeping requirements, cyber security arrangements and what induction and ongoing training is provided to operating staff. Specific template questions to assist in this description are included in **Appendix Three**.

6. What are the views of those who will be under surveillance? Please outline the main comments from the public resulting from your consultation – as part of a DPIA, the data controller should seek the views of those subjects who are likely to come under surveillance or their representatives on the proposition, without prejudice to the protection of commercial or public interests or the security of processing operations. This can often be achieved by existing local consultation mechanisms such as local area committees or safer neighbourhood team meetings; but, if necessary depending on the privacy intrusion of the surveillance in question, other methods could be considered such as face to face interviews, online surveys, questionnaires being sent to residents/businesses and addressing focus groups, crime & disorder partnerships and community forums. The Data Protection Officer may be able to offer advice on how to carry out consultation.

7. What are the benefits to be gained from using surveillance cameras? Give specific reasons why this is necessary compared to other alternatives. Consider if there is a specific need to prevent/detect crime in the area. Consider if there would be a need to reduce the fear of crime in the area, and be prepared to evaluate.

8. What are the privacy risks arising from this surveillance camera system? State the main privacy risks relating to this particular system. For example, who is being recorded; will it only be subjects of interests? How long will recordings be retained? Will they be shared? What are the expectations of those under surveillance and impact on their behaviour, level of intrusion into their lives, effects on privacy if safeguards are not effective? What is your assessment of both the likelihood and the severity of any impact on individuals?

9. Have any data protection by design and default features been adopted to reduce privacy intrusion? Could any features be introduced as enhancements? State the privacy enhancing techniques and other features that have been identified, considered and accepted or rejected. For example, has consideration been given to the use of technical measures to limit the acquisition of images, such as privacy masking on cameras that overlook residential properties? If these have not been adopted, provide a reason.

10. What organisations will be using the surveillance camera images, and where is the controller responsibility under the GDPR and Data Protection Act 2018? List the organisation(s) that will use the data derived from the camera system and identify their responsibilities, giving the name of the data controller(s) and any data processors. Specify any data sharing agreements you have with these organisations.

11. Do the images need to be able to recognise or identify individuals, or could the purpose be met using images in which individuals cannot be identified? Explain why images that can recognise or identify people are necessary in practice. For example, cameras deployed for the purpose of ensuring traffic flows freely in a town centre may not need to be capable of capturing images of identifiable individuals, whereas cameras justified on the basis of dealing with problems reflected in assessments showing the current crime hotspots may need to capture images in which individuals can be identified.

12. How will you inform people that they are under surveillance and respond to any Subject Access Requests, the exercise of any other rights of data subjects, complaints or requests for information? State what privacy notices will be made available and your approach to making more detailed information available about your surveillance camera system and the images it processes. In addition, you must have procedures in place to respond to requests for camera footage in which a subject appears, and to respond to any other request to meet data protection rights and obligations.

13. How will you know if the particular camera system/hardware/software/firmware being considered does deliver the desired benefits now and in the future? It is good practice to review the continued use of your system on a regular basis, at least annually, to ensure it remains necessary, proportionate and effective in meeting its stated purpose. State how the system will continue to meet current and future needs, including your review policy and how you will ensure that your system and procedures are up to date in mitigating the risks linked to the problem.

14. What future demands may arise for wider use of images and how will these be addressed? Consider whether it is possible that the images from the surveillance camera system will be processed for any other purpose or with additional technical factors (e.g. face identification, traffic monitoring or enforcement, automatic number plate recognition, body worn cameras) in future and how such possibilities will be addressed. Will the camera system have a future dual function or dual purpose?

15. Have you considered the extent to which your surveillance camera system may interfere with the rights and freedoms conferred under the European Convention on Human Rights? When we consider data protection, our focus tends to be upon the potential to interfere with the Article 8 right to respect for private and family life. Surveillance undertaken in accordance with the law could, however, interfere with other rights and freedoms such as those of conscience and religion (Article 9), expression (Article 10) or association (Article 11). Summarise your assessment of the extent to which you might interfere with ECHR rights and freedoms, and what measures you need to take to ensure that any interference is necessary and proportionate.

16. Do any of these measures discriminate against any particular sections of the community? Article 14 of the ECHR prohibits discrimination with respect to rights under the Convention. Detail whether the proposed surveillance will have a potential discriminatory or disproportionate impact on a section of the community. For example, establishing a surveillance camera system in an area with a high density of one particular religious or ethnic group.

Template Level Two

This Level 2 template is designed to give organisations a simple and easy to use format for recording camera locations, other hardware, software and firmware on their surveillance camera system, and demonstrating an assessment of risk to privacy across their system and the steps taken to mitigate that risk.

Principle 2 - The use of a surveillance camera system must take into account its effect on individuals and their privacy, with regular reviews to ensure its use remains justified.

When looking at the obligation under the code a risk assessment methodology has been developed to help organisations identify any privacy risks to individual or specific group of individuals (e.g. children, vulnerable people), compliance risks, reputational risks to the organisation and non-compliance with the Protection of Freedoms Act 2012 and/or the Data Protection Act 2018.

A system that consists of static cameras in a residential housing block will generally present a lower risk than a system that has multiple High Definition Pan Tilt and Zoom (PTZ) cameras. However, the DPIA should help identify any cameras (irrespective of the type) that may be directed at a more vulnerable area (e.g. a children's play area) and thus presenting a higher privacy risk. This approach allows the organisation to document a generic and methodical approach to any intrusion into privacy, catalogue your cameras by type and location, and finally identify any cameras that present specific privacy risks and document the mitigation you have taken. It also allows you to consider the risks associated with any integrated surveillance technology such as automatic facial recognition systems, along with security measures against cyber disruption of your system,

As an organisation that operates a surveillance camera system you will also be the controller of the personal data captured by its cameras. Under DPA 2018 (Sections 69-71), a data controller is under a legal obligation to designate and resource a data protection officer and to seek their advice when carrying out a DPIA.

An example of a risk assessment matrix is shown in **Appendix Two**.

When undertaking a DPIA, it is essential to be able to confirm where the organisation's cameras are sited. It is good practice for all organisations to maintain an asset register for all of their hardware (including cameras), software and firmware. This allows the system operator to record each site and system component in a manner to lead into the level two process.

If any new site or installation sits outside of the pre-defined fields, or additional integrated surveillance technologies are added, then new categories can be added as required

Overall step one and step two will cover the uses of hardware, software and firmware of the system. However, it may be contrary to the purpose of your surveillance camera system to publically list or categorise each individual asset.

Template – Level Two

Step 1 (definition of hardware, software and firmware including camera types utilised)

Cameras Specification: System operator owner should include below all camera types and system capabilities (e.g. static, PTZ, panoramic, ANPR) and their likely application and expected use. This will differ by organisation, but should be able to reflect a change in camera ability or system functionality due to upgrade.

Please see example below:

ID	Camera types	Makes and models used	Amount	Description	Justification and expected use
1.	Standard Static	Bosch, Axis, Samsung, Pelco	300	Static images, no movement or zoom function	Fully monitored rec 24hrs, zooming..., Public Safety
2.	Standard PTZ	MICI 400/550, Predator PTZ, Predator White light	150	Pan tilt and zoom function, Standard definition	Public space monitoring from CCTV control room 24 hrs
3.	High-zoom PTZ	JVC "box" (pentax lens), Bosch Shoe box	50	Pan, tilt and zoom function. long zoom lenses, idea for long distance monitoring	Long stretches of road, across large areas of land. This provides better coverage over straight roads and ensures an ability to get a high quality image over long distances.
4.	HD static				
5.	HD PTZ				
6.	ANPR software				
7.	Automatic Facial Recognition software				
8.	Other				
9.					
10.					
11.					

Step 2 (location assessment)

Location: Each system operator/owner should list and categorise the different areas covered by surveillance on their system. This list should use the specifications above which ID (types) are used at each specific location.

CAT	Location type	Camera types used	Amount	Recording	Monitoring	Assessment of use of equipment
-----	---------------	-------------------	--------	-----------	------------	--------------------------------

						(mitigations or justifications)
A.	Town centre	All	250	24hrs	24hrs (only maximum 3 operators) – likely average patrol high hourly	The privacy level expectation in a town centre is very low; our town centres are well signed with appropriate signage for CCTV its use and purpose with contact details.
B.	Public car park	1, 5, 6	100			
C.	Parks					HD camera only include due to proximity to town HD cam
D.	Play areas					
E.	Housing blocks internal	1, 2	200	24hrs (calendar month)	Limited due to the fact that most are static cameras	High level asb historical problems (please see statistical assessment in annual review)
F.	Housing estate (street)					
G.	Residential street					Cameras are install here to respond to high crime trends, deal with the fear of crime
H.						
I.						
J.						
K.						
L.						

Step 3 (Cameras or functionality where additional mitigation required)

Asset register: It is considered to be good practice for all organisations to maintain an asset register for all of the components which make up their system. This allows the system owner to record each site and equipment installed therein categorised in a manner to lead into the level two process.

Please document here any additional mitigation taken on a camera or system to ensure that privacy is in line with the ECHR requirements.

Asset number	Reviewed	Camera type	Location category	Further mitigation/ comments (optional)
--------------	----------	-------------	-------------------	---

230	xx/xx/xx xx	A		(E.g. although this camera is in the town centre, at the height at which it has been installed there is an ability to see into residential windows, this has been removed as a risk through the use of privacy screens.)

Step 4 (Mitigation for specific cameras and any integrated surveillance functionality that have high privacy risks)

Where there is a very high risk to privacy you may wish to conduct an extensive DPIA of specific installations or functionality and have it fully documented. Where you are unable to mitigate the risk adequately you **must** refer your DPIA to the ICO for review.

DPIA for specific installations or functionality

Camera number

Camera location

Privacy risk(s)	Solution	Outcome (Is the risk removed, reduced or accepted)	Justification (Is the impact after implementing each solution justified, compliant and proportionate to the aim of the camera?)

Measures approved by:

Integrate actions back into project plan, with date and responsibility for completion

Name

Date

Residual risks approved by:

If you identify a high risk that you cannot mitigate adequately, you must consult the ICO before starting to capture and process images

Name

Date

DPO advice provided:

DPO should advise on compliance and whether processing can proceed

Name

Date

Summary of DPO advice

DPO advice accepted or overruled by:

If overruled, you must explain your reasons

Name

Date

Comments

Consultation responses reviewed by:

If your decision departs from individuals' views, you must explain your reasons

Name

Date

Comments

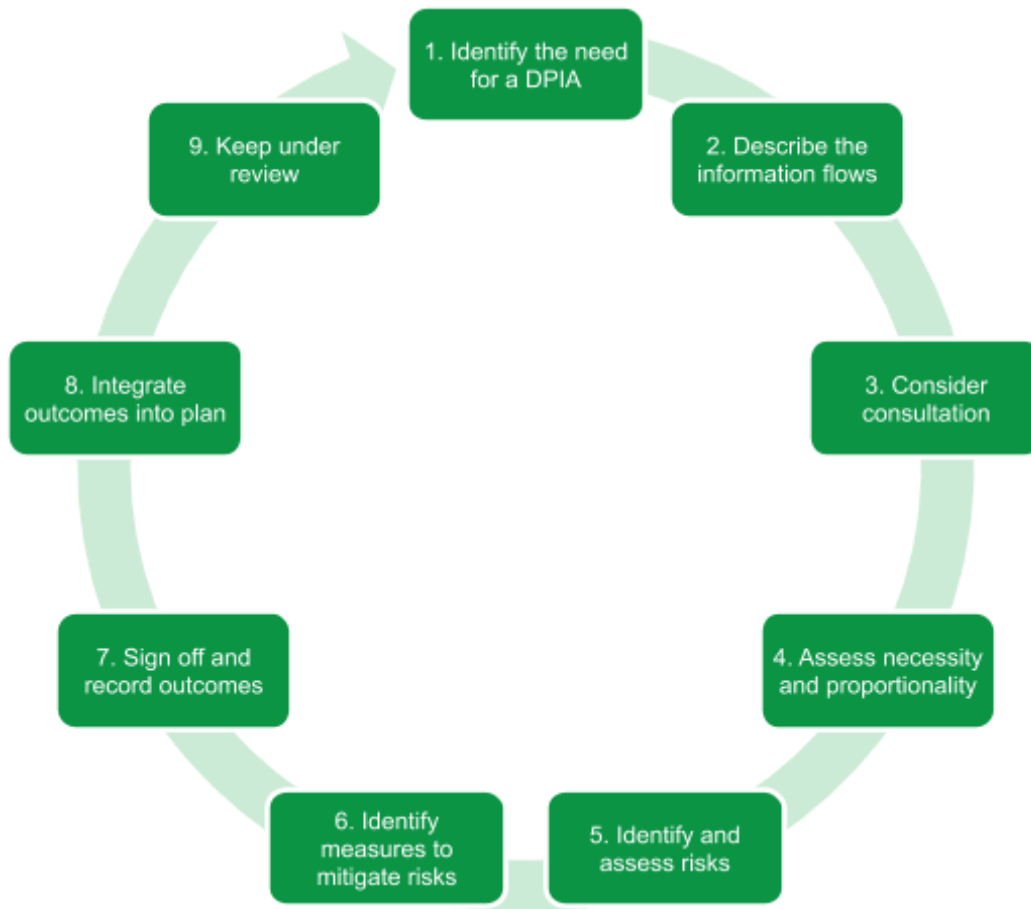
This DPIA will kept under review by:

The DPO should also review ongoing compliance with DPIA

Name

Date


APPENDIX ONE: STEPS IN CARRYING OUT A DPIA



APPENDIX TWO: DATA PROTECTION RISK ASSESSMENT MATRIX

Scoring could be used to highlight the risk factor associated with each site or functionality if done utilising the risk matrix example shown below.

Matrix Example:

	Camera Types (low number low impact – High number, High Impact 								
Location Types A (low impact) Z (high impact)									

Be aware that use of any surveillance camera system with biometric capabilities, such as Automated Facial Recognition technology, is always likely to result in a high risk to the rights and freedoms of individuals and therefore a DPIA must always be carried out in respect of those systems before you process any personal data.

APPENDIX THREE: LEVEL 1

DESCRIBE THE INFORMATION FLOWS

Optional questions to help describe the collection, use and deletion of personal data.

It may also be useful to refer to a flow diagram or another way of explaining data flows.

5.1 How is information collected?

- | | |
|---|---|
| <input type="checkbox"/> CCTV camera | <input type="checkbox"/> Body Worn Video |
| <input type="checkbox"/> ANPR | <input type="checkbox"/> Unmanned aerial systems (drones) |
| <input type="checkbox"/> Stand-alone cameras | <input type="checkbox"/> Real time monitoring |
| <input type="checkbox"/> Other (please specify) | |

5.2 Does the system's technology enable recording?

- ☐ Yes ☐ No

Please state where the recording will be undertaken (no need to stipulate address just Local Authority CCTV Control room or on-site would suffice for stand-alone camera or BWV), and whether it also enables audio recording.

Is the recording and associated equipment secure and restricted to authorised person(s)?
(Please specify, e.g. in secure control room accessed restricted to authorised personnel)

5.3 What type of transmission is used for the installation subject of this PIA (tick multiple options if necessary)

- | | |
|--|--|
| <input type="checkbox"/> Fibre optic | <input type="checkbox"/> Wireless (please specify below) |
| <input type="checkbox"/> Hard wired (apart from fibre optic, please specify) | <input type="checkbox"/> Broadband |
| <input type="checkbox"/> Other (please specify) | |

5.4 What security features are there to protect transmission data e.g. encryption (please specify)

5.5 Where will the information be collected from?

- | | |
|--|---|
| <input type="checkbox"/> Public places (please specify) | <input type="checkbox"/> Car parks |
| <input type="checkbox"/> Buildings/premises (external)
(please specify) | <input type="checkbox"/> Buildings/premises (internal public areas) |

- ☐ Other (please specify)

5.6 From whom/what is the information collected?

- | | |
|--|-----------------------------------|
| <input type="checkbox"/> General public in monitored areas (general observation) | <input type="checkbox"/> Vehicles |
| <input type="checkbox"/> Target individuals or activities (suspicious persons/incidents) | <input type="checkbox"/> Visitors |
| <input type="checkbox"/> Other (please specify) | |

5.7 What measures are in place to mitigate the risk of cyber attacks which interrupt service or lead to the unauthorised disclosure of images and information?

5.8 How is the information used? (tick multiple options if necessary)

- ☐ Monitored in real time to detect and respond to unlawful activities
- ☐ Monitored in real time to track suspicious persons/activity
- ☐ Compared with reference data of persons of interest through Automatic Facial Recognition software
- ☐ Compared with reference data for vehicles of interest through Automatic Number Plate Recognition software
- ☐ Used to search for vulnerable persons
- ☐ Used to search for wanted persons
- ☐ Recorded data disclosed to authorised agencies to support post incident investigation by, including law enforcement agencies
- ☐ Recorded data disclosed to authorised agencies to provide intelligence
- ☐ Other (please specify)

5.9 How long is footage stored? (please state retention period)

5.10 Retention Procedure

- ☐ Footage automatically deleted after retention period
- ☐ System operator required to initiate deletion
- ☐ Under certain circumstances authorised persons may override the retention period e.g. retained for prosecution agency (please explain your procedure)

5.11 With which external agencies/bodies is the information/footage shared?

- | | |
|---|--|
| <input type="checkbox"/> Statutory prosecution agencies | <input type="checkbox"/> Local Government agencies |
| <input type="checkbox"/> Judicial system | <input type="checkbox"/> Legal representatives |
| <input type="checkbox"/> Data subjects | <input type="checkbox"/> Other (please specify) |

5.12 How is the information disclosed to the authorised agencies

- ☐ Only by onsite visiting
- ☐ Copies of the footage released to those mentioned above (please specify below how released e.g. sent by post, courier, etc)
- ☐ Offsite from remote server
- ☐ Other (please specify)

5.13 Is there a written policy specifying the following? (tick multiple boxes if applicable)

- ☐ Which agencies are granted access
- ☐ How information is disclosed
- ☐ How information is handled
- ☐ Recipients of information become Data Controllers of the copy disclosed

Are these procedures made public? ☐ Yes ☐ No

Are there auditing mechanisms? ☐ Yes ☐ No

If so, please specify what is audited (e.g., disclosure, production, accessed, handled, received, stored information)

5.14 Do operating staff receive appropriate training to include the following?

- ☐ Legislation issues
- ☐ Monitoring, handling, disclosing, storage, deletion of information
- ☐ Disciplinary procedures
- ☐ Incident procedures
- ☐ Limits on system uses
- ☐ Other (please specify)

5.15 Do CCTV operators receive ongoing training?

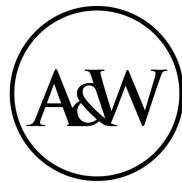
- ☐ Yes ☐ No

5.16 Are there appropriate signs which inform the public when they are in an area covered by surveillance camera systems?

☐ Yes

☐ No

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ADUR & WORTHING
COUNCILS

Worthing Borough Council Planning
Committee
26th February 2020
Agenda Item 9

Adur District Council Planning Committee
9th March 2020
Agenda Item ?

Joint Governance Committee
24 March 2020
Agenda Item 10

Key Decision: No

Ward(s) Affected: All

Public Engagement with the Planning Process

Report by the Monitoring Officer

Executive Summary

1.0 Purpose

- 1.1 It is important that the public has the opportunity to engage with both Councils when exercising their statutory functions relating to being a Local Planning Authority.
- 1.2 This report seeks to update and amend the Council's existing arrangements in respect of public speaking at Planning Committees to ensure appropriate opportunity for public speaking, fairness in the procedure and compliance with the principles of natural justice.
- 1.3 Members are asked to approve the revised Public Speaking Protocols which form part of each Council's Constitution and recommend their adoption to each full Council.

2.0 Recommendations

- 2.1 Worthing Borough Council Planning Committee are asked to consider the report and make any comments to the Joint Governance Committee on 24th March 2020.
- 2.2 Adur District Council Planning Committee are asked to consider the report and make any comments to the Joint Governance Committee on 24th March 2020.
- 2.3 The Joint Governance Committee is asked to take into consideration the comments of the Planning Committee and consider the proposed revised Worthing Borough Council Protocol on Public Speaking and recommend its adoption as part of the Constitution to Worthing Borough Council.
- 2.4 The Joint Governance Committee is asked to take into consideration the comments of the Planning Committee and consider the proposed revised Adur District Council Protocol on Public Speaking and recommend its adoption as part of the Constitution to Adur District Council.
- 2.5 Consider the proposed recommendations for changes to the Scheme of Officer Delegations set out at paragraph 4.3 of the report and recommend their adoption to both Councils.

3.0 Context

- 3.1 It is important that the public have the opportunity to engage with the Council's statutory functions relating to planning, and the Councils encourage such engagement and participation in the process.
- 3.2 The Planning Committees, when considering planning applications, act as the Councils' Regulatory Committees, undertaking a quasi-judicial function. As such it is important that they act in the public interest, in accordance with human rights and equalities legislation and uphold the principles of natural justice and fairness.

To this end, when considering applications for planning permission, it is imperative that the Committee takes account of all relevant factors, and no irrelevant factors, that they come to the decision with an open mind and without bias or predetermination, and that they give equal opportunity to both applicants and their supporters, and to objectors.

- 3.3 To ensure compliance with such principles the Councils have each adopted a 'Protocol on Public Speaking at Planning Committees'. Each Protocol forms part of each Council's Constitution and has been formally adopted by the Councils.
- 3.4 As part of the ongoing regular review of our practices and procedures, the Protocols on Public Speaking have been reviewed by Officers and revised versions are proposed.

4.0 Issues for consideration

4.1 Adur District Council - Protocol on Public Speaking at Planning Committee

- 4.1.1 The proposed amended Protocol is attached to this report as Appendix 1, and with tracked changes for ease of reference at Appendix 2.
- 4.1.2 The current Protocol is silent about what issues the public may speak upon and it is proposed to be clear in the protocol that they may only speak on matters which are relevant to planning issues. Such provision will assist Members of the Committee in upholding the decision making principle of not taking account of irrelevant matters, as none should be presented to them.
- 4.1.3 The current Protocol allows objections from the objector, but only from the applicant in certain circumstances. This does not uphold the principles of fairness and it is proposed that public speaking opportunity should be allowed equally to the objector and to the supporters, including the applicant. The current arrangements also cause an inefficiency in the system on some occasions. For example if a planning application is recommended for approval by an Officer and Members are minded to refuse the application the applicant then has a right to speak, but having expected the application to be approved may not be in attendance and/or be prepared to make representation, so currently the Committee defer the application in such circumstances to enable the applicant to speak on the next occasion. This produces a delay and inefficiency in the decision making process and potential duplication of work

as the matter is considered twice. It is proposed that to eliminate this inefficiency and to uphold fairness, public speaking is allowed in all circumstances by both objectors and supports to an application.

- 4.1.4 Currently the arrangements for objectors to an application to speak are that generally only one is able to speak, on behalf of all objectors, and they must agree between themselves who will speak and collectively represent their views. The objector has a maximum of 3 minutes to make such representations. This presents some practical difficulties as usually the objectors are not known to each other, and often not keen to allow someone else, unknown to them, to speak on their behalf with no confidence that their own views will be properly represented; there is no opportunity for them to exchange views and prepare a collective representation. The current arrangement does not appear to uphold the principles of natural justice as it provides very limited opportunity for public engagement and it is therefore proposed that public speaking rights be extended to enable a maximum of 3 objectors to speak on any application with a maximum of 3 minutes each to make their representations to the Committee.
- 4.1.5 In addition to the public having a right to speak the current arrangements enable up to a maximum of 2 Ward Councillors to speak, subject to a maximum of one speaking for the application and one speaking against the application; they have up to 3 minutes each to address the Committee. It is proposed that this arrangement be retained. The current protocol also allows, in exceptional circumstances, for the Chairman to allow another Member to speak, if a Ward Councillor does not wish to, again subject to a maximum of one Councillor speaking for the application and one against. It is proposed that the need for exceptional circumstances be removed to allow the Chairman of the Planning Committee more flexibility and discretion to enable another District Councillor to speak in place of the relevant Ward Councillor.
- 4.1.6 It is proposed that the Protocol be amended to enable the supporters, and applicant, to a planning application, the same public speaking rights as the objectors. Any other arrangement could be seen as unfair and an indication of bias on the part of the Committee.

4.2 Worthing Borough Council - Protocol on Public Speaking at Planning Committee

- 4.2.1 The proposed amended Protocol is attached to this report as Appendix 3, and with tracked changes for ease of reference at Appendix 4.

- 4.2.2 The current Worthing Borough Council Protocol on Public Speaking at Planning Committee enables two Ward Councillors to speak, or one Ward Councillor and one Councillor from the adjacent Ward, or in exceptional circumstances another Borough Councillor. It is proposed that in the interests of efficiency this is amended to a maximum of two Councillors being able to speak, subject to one speaking for the application and one against, and that it is two Ward Councillors who are able to speak, or any other Councillor in the Ward Councillors place, with the Chairman's permission. Such an arrangement will give greater flexibility to Councillors as to who is best placed to make appropriate representations in respect of a particular application and retain sufficient discretion for the Chairman.
- 4.2.3 The Protocol provides for the length of a Councillor's speech to be at the Chairman's discretion but it is proposed for consistency that each speech is for a maximum of 3 minutes, as is the speech of an objector or supporter; but the Chairman retains overall discretion to allow speeches to be longer where relevant, appropriate and justifiable in the circumstances.
- 4.2.4 It is proposed to also incorporate a clause in the Protocol to enable the Chairperson to waive the Protocol, after consulting with the Committee Members and Legal Advisor, in appropriate circumstances. This would enable the Chairperson to tailor a more suitable public speaking arrangement, for example where an application was exceptionally complex, controversial or attracted high levels of public interest.

4.3 The Joint Officer Scheme of Delegations

- 4.3.1 Paragraph 3.6.5 of the Officer Scheme of Delegations provides the Head of Planning and Development with the authority to determine applications for planning permission. However the delegation shall not be exercised in the following circumstances:
- Applications requiring the Secretary of State to be notified under the Town and Country (Development Plans and Consultations) (Departures) Direction 2009;
 - Applications for development requiring an environmental impact assessment but excluding applications for a screening or scoping opinion in connection with an environmental impact assessment;
 - Applications comprising 'major' development within the meaning of the Town and Country Planning (General Permitted Development) Order;

- Applications for development which conflicts materially with the development plan;
- Applications materially affecting ancient monuments, and sites of special scientific interest;
- Applications made by, on behalf of, jointly with, or promoted by the Council, a Parish Council, West Sussex County Council, or any other Local Authority;
- Where the application has been made by a Member or an Officer;
- Where a Member of the Council not more than 28 days after validation of an application requests otherwise.

4.3.2 It is considered by Officers that 3 of these provisions do not facilitate good, agile, prudent decision making and that efficiency could be gained by making amendments whilst retaining sufficient balance and control.

- It is therefore proposed that the provision of:
“Applications comprising ‘major’ development within the meaning of the Town and Country Planning (General Permitted Development) Order”, be amended to, “Applications comprising ‘major’ development within the meaning of the Town and Country Planning (General Permitted Development) Order, other than those where the proposed amendment is minor or non material”.
- It is further proposed that the provision of:
“Where the application has been made by a Member or an Officer” is amended to “Where the application has been made by a Member of Adur District Council or Worthing Borough Council, or an Officer of either Council who is either The Chief Executive, a Chief Officer, Deputy Chief Officer, Planning Services Manager or Planning Policy Manager” or work within the Planning and Development Section.
- It is further proposed that the provision of:
“Where a Member of the Council, not more than 28 days after validation of an application, requests otherwise” be amended to “Where a Member of the Council not more than 28 days after validation of an application, request otherwise, providing valid planning reasons”.

- 4.3.3 It is anticipated that these amendments would enable agile, streamlined decision making, whilst still ensuring independence and fairness in the Council's procedures and processes.

5.0 Engagement and Communication

- 5.1 Engagement and Communication has taken place with both the Adur District Council Planning Committee and the Worthing Borough Council Planning Committee. Both Committees have received and considered this report and have been invited to make comments, by way of consultation, to the Joint Governance Committee. The Joint Governance Committee are recommended to take into account any comments from the Planning Committees before determining this matter.
- 5.2 Engagement and Communication has taken place with the Head of Planning and Development, Democratic Services Officers and Planning lawyers.

6.0 Financial Implications

- 6.1 There are no direct financial implications arising from this proposal.

7.0 Legal Implications

- 7.1 The Council's governance arrangements are set out in their Constitutions; the Protocols on Public Speaking at Planning Committee and the Scheme of Officer Delegations form part of the Constitution. The authority of the Councils is sought to amend the Constitutions, other than in respect of minor or consequential amendments.

Background Papers

- Adur District Council Constitution
- Worthing Borough Council Constitution

Officer Contact Details:-

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Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified.

2. Social

2.1 Social Value

It is important that the public have the right to make representations to the Planning Committee when carrying out their quasi-judicial function considering planning applications. It ensures that all relevant factors are presented to the Committee, that the Committee engages with the public in making its decision and enhances public confidence in the democratic process.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Providing the public with the opportunity to make representations to this quasi-judicial Committee, when determining planning applications, upholds the principles of the Human Rights Act.

3. Environmental

Matter considered and no issues identified.

4. Governance

Having a Public Speaking Protocol, formally adopted by both Councils, and forming part of their Constitutions, upholds the principles of robust governance arrangements.

PROTOCOL FOR PUBLIC SPEAKING AT PLANNING COMMITTEE ADUR DISTRICT COUNCIL

1.0 INTRODUCTION

Public speaking to object to or support planning applications at Adur District Council's Planning Committee is an established part of the Council's procedure.

2.0 AGENDA ITEM

A Planning Officer will introduce the planning application and display any plans as well as bringing any new matters that have arisen since the agenda was prepared. Members may ask questions of the Planning Officer.

3.0 PUBLIC SPEAKING

3.1 Public speaking at meetings of the Adur District Council Planning Committee shall be allowed in respect of planning applications, including Conservation Area, Listed Building, Tree Preservation Order confirmation and Advertisement Consent Applications.

3.2 Questions, statements and comments made by the public to the Planning Committee must be relevant to planning issues.

3.2.1 Examples of relevant planning issues include:-

- external design, appearance and layout of the development,
- impact on trees and nature conservation or overshadowing and privacy,
- Highway safety,
- Planning Policy and Government Guidance.

3.2.2 Examples of non-relevant planning issues may include:-

- boundary disputes or other property rights,
- loss of property value or loss of a view,
- matters covered by other legislation,
- the applicants' motives, character or reputation.

3.3 Relevant representations will be accepted from Objector(s), Parish Councillor, Ward Councillor(s) and the Applicant or their representative and Supporters.

3.4 Advance notice of the intention to make representations must be provided to Democratic Services Officers, by email at democratic.services@adur-worthing.gov.uk, by noon on the working day prior to the date of the meeting. If

a decision on the application is deferred to a future meeting, the individual having given appropriate notice, will be able to speak when the application is considered by the Committee again, without the need to give further notice of their intention to speak.

If more than the maximum number of speakers give notice of their intention to make representations, those permitted will be taken in order in which their notice was received.

3.5 The order, and time allowed, for speaking at Adur District Council Planning Committee meetings will be as follows:-

		Total time allowed
Objector(s)	Limited to a maximum of three speakers	Limited to 3 minutes per speaker
Parish Councillor	A maximum of one Parish Councillor from the relevant Parish Council	Limited to 3 minutes
Ward Councillor(s)	<p>Subject to a maximum of one Councillor speaking in support of the application and a maximum of one Councillor speaking against the application, limited to:</p> <ul style="list-style-type: none"> • Up to two Ward Councillors, or • With the agreement of the Chairperson, and subject to a maximum of one Ward Councillor wishing to speak, one Ward Councillor and an adjacent Ward Councillor, or • with the agreement of the Chairperson, and subject to no Ward Councillors wishing to speak, a maximum of two Adur District Councillors. 	3 minutes each
Applicant or representative and Supporters	Limited to a maximum of three speakers	Limited to 3 minutes per speaker

There is no right for anyone to speak at a Planning Committee meeting, otherwise than in accordance with the above table. An individual may not speak a second time at a Planning Committee meeting, on the same application.

- 3.6 Speakers may address the Planning Committee Chairperson, but are not permitted to ask questions of other speakers, Officers or Members. Members and Officers can question speakers for clarification purposes only.

4.0 DETERMINATION OF APPLICATION

- 4.1 Following public speaking, Members of the Planning Committee will debate the planning application, involving professional Officers as necessary and appropriate. The debate should be governed by the Rules of Debate within the Council's Procedure Rules.
- 4.2 Members of the Planning Committee may receive legal and other professional advice as required during the Committee meeting.

5.0 MISCELLANEOUS

- 5.1 The Chairperson has the discretion to waive any of the requirements of this Protocol if satisfied on legal and professional advice that it is fair, reasonable and appropriate to do so in the circumstances.
- 5.2 This Protocol is formally adopted by Worthing Borough Council as part of its Constitution. It is to be reviewed at least once every 3 years.

PROTOCOL FOR PUBLIC SPEAKING AT PLANNING COMMITTEE

ADUR DISTRICT COUNCIL

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1.0 INTRODUCTION

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Public speaking to object to or support planning applications at Adur District Council's Planning Committee is an established part of the Council's procedure.

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The following procedure shall be followed at the Planning Committee meetings for the purpose of enabling members of the public to make representations on planning applications. This Protocol supplements the Council Procedure Rules and the two should be read together

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2.0 AGENDA ITEM

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A Planning Officer will introduce the planning application and display any plans as well as bringing any new matters that have arisen since the agenda was prepared. Members may ask questions of the Planning Officer.

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3.0 PUBLIC SPEAKING

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Public speaking at meetings of the Adur District Council Planning Committee shall be allowed in respect of planning applications, including Conservation Area, Listed Building, Tree Preservation Order confirmation and Advertisement Consent Applications.

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Questions, statements and comments made by the public to the Planning Committee must be relevant to planning issues, including external design, appearance and layout of the development, impact on trees and nature conservation or overshadowing and privacy, Highway safety, Planning Policy and Government Guidance. Non relevant planning issues may include boundary disputes or other property rights, loss of property value or loss of a view, matters covered by other legislation, the applicants' motives, character or reputation.

1.0—Relevant representations will be accepted from Objector(s), Parish Councillor(s), Ward Councillor(s) or the Applicant or their representative and Supporters. The right to speak on planning applications is available to objectors, applicants and/or their agents and supporters, Parish Councils and Ward Councillors.

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The applicant (or their representative) has an opportunity to make representations in support of the application, but only if:

- the Officer's recommendation is to refuse; or
- there are Ward Councillors speaking against the application; or

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- ~~there are objectors speaking against the application; or~~
- ~~the Committee are minded to go against the Officer's recommendation for approval.~~

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~~If following consideration of the report and/or any objectors who were allowed to make comments without notice, the Committee is minded to overturn the Planning Officer's recommendation to approve, the application must stand adjourned to the next meeting to provide the opportunity for oral representations to be made.~~

~~Applicants will be notified of any such notice received. Speakers in support of an application may speak only in cases where one or the other parties is being heard at the meeting or where the recommendation is to refuse.~~

~~**2.0** The rights to speak will apply to all planning applications including Conservation Area, Listed Building, Tree Preservation Order confirmation and Advertisement Consent Applications.~~

~~**3.0** Advance notice of the intention to make representations must be provided to Democratic Services Officers, by email at democratic.services@adur-worthing.gov.uk, by noon on the working day prior to the date of the meeting. If a decision on the application is deferred to a future meeting, the individual having given appropriate notice, will be able to speak when the application is considered by the Committee again, without the need to give further notice of their intention to speak. The Director for Economy or Head of Planning shall write with details of the arrangements for public speaking to the applicant/agent, objectors and supporters, and the Parish Council who have made written representations, advising them of the date of the meeting when the application is due to be considered. However, where letters of representation are received just before the meeting there may be insufficient time to write. If necessary, in accordance with the principles in paragraph 1.0, the matter may stand adjourned.~~

~~If more than the maximum number of speakers give notice of their intention to make representations, those permitted will be taken in order in which their notice was received.~~

~~The order, and time allowed, for speaking at Adur District Council Planning Committee meetings will be as follows:-~~

~~**4.0** A Planning Officer will introduce the planning application and display any plans as well as bringing any new matters that have arisen since the agenda was prepared. Members may ask questions of the Planning Officer.~~

~~5.0 Interested parties then have an opportunity to address Members. Objectors are to agree between themselves who addresses the meeting. At the Chairperson's discretion, more than one objector may be allowed to speak within the total permitted time for objectors, but only where new material issues are to be raised. Members of the Committee, through the Chairperson, may ask questions of the objectors only for the purpose of clarifying matters of fact already raised during the objector's presentation.~~

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~~6.0 Where both objectors and the applicant are to speak, the applicant shall follow the objectors. Members of the Committee, through the Chairperson, may ask questions of the applicant only for the purpose of clarifying matters of fact already raised during the applicant's presentation.~~

~~7.0 Speakers will not have the right to expect other speakers, Officers or Councillors to respond directly to questions at the time they are asked (i.e. no cross examination of other speakers).~~

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~~8.0 Up to two Ward Councillors or, in exceptional circumstances with the agreement of the Chairperson, another Councillor, may address the meeting after any objectors and any Parish Council representative but before the Applicant. One Councillor may speak against the proposal and one in support of it. The Ward Councillors will be allowed a maximum time of 3 minutes each to speak.~~

~~9.0 Members of the Committee may receive legal and other professional advice as necessary during the proceedings.~~

~~10.0 In the interest of efficient despatch of business, the following rules regarding timing will apply:~~

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- ~~• A total time of 3 minutes shall be allowed for all objectors. Where the Chairperson permits more than one objector to speak, the time will be divided equally between the objectors (unless they come to some other arrangement between themselves).~~

- ~~• A total time of 3 minutes shall be allowed for the applicant.~~

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- ~~• A total time of 3 minutes shall be allowed for the Parish representative.~~

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- ~~• A total time of 3 minutes shall be allowed for each Ward Councillor.~~

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- ~~• The total time allowed for public speaking shall be limited to a maximum of 6 minutes per application. In exceptional cases, these timings, and the time allowed for Parish Council and Ward Councillor representations, may be extended at the Chairperson's discretion. However, any extension for the Ward Councillor must be matched with an equal extension for the applicant. An exception may involve an abnormal weight of objections or support or particular complexity.~~

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~~11.0 A person wishing to speak at a meeting of the Planning Committee must give advance notice of their intention to do so to the Head of Planning and to Democratic Services Officers. (Applicants may be given the right to speak notwithstanding that they have failed to give the required notice).~~

~~12.0 The Chairperson in consultation with the Committee may waive any of the requirements of this Protocol if satisfied on legal and professional advice that it is appropriate to do so in the circumstances, or in any event to change the order of speakers.~~

~~13.0 The order of speaking at the meetings will be:-~~

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		Total time allowed
Planning Officer: To introduce the application and update the objections, letters of support received.	Not limited	
Objector(s)	<u>Limited to a maximum of three speakers</u>	<u>Limited to 3 minutes per speaker</u>
<u>Parish Councillors Representative</u>	<u>A maximum of one Parish Councillor from the relevant Parish Council</u>	<u>Limited to 3 minutes</u>
Up to 2 Ward Councillors (or 1 Ward Councillor and 1 adjacent Ward Councillor) or a Councillor/Ward Councillor	<u>Subject to a maximum of one Councillor speaking in support of the application and a maximum of one Councillor speaking against the application, limited to:</u> <u>Up to two Ward Councillors, or One Ward Councillor and an adjacent Ward Councillor, or with the agreement of the Chairperson, and subject to the Ward Councillors not wishing to speak, a maximum of two other Adur District Councillors.</u>	3 minutes each
Applicant or agent representative and sSupporters	<u>Limited to a maximum of three speakers</u>	<u>Limited to 3 minutes per speaker</u>

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Planning Officer to deal with any errors of fact which have arisen.		Not limited
The Committee will discuss the planning application, involving the Officers as necessary. There will be no further right for others to speak.		Not limited

There is no right for anyone to speak at a Planning Committee meeting, otherwise than in accordance with the above table. An individual may not speak a second time at a Planning Committee meeting, on the same application.

Speakers may address the Planning Committee Chairperson, but are not permitted to ask questions of other speakers, Officers or Members. Members and Officers can question speakers for clarification purposes only.

4.0 DETERMINATION OF APPLICATION

4.1 Following public speaking, Members of the Planning Committee will debate the planning application, involving professional Officers as necessary and appropriate. The debate should be governed by the Rules of Debate within the Council's Procedure Rules.

4.2 Members of the Planning Committee may receive legal and other professional advice as required during the Committee meeting.

5.0 MISCELLANEOUS

5.1 The Chairperson has the discretion to waive any of the requirements of this Protocol if satisfied on legal and professional advice that it is fair, reasonable and appropriate to do so in the circumstances.

5.2 This Protocol is formally adopted by Worthing Borough Council as part of its Constitution. It is to be reviewed at least once every 3 years.

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PROTOCOL FOR PUBLIC SPEAKING AT PLANNING COMMITTEE WORTHING BOROUGH COUNCIL

1.0 INTRODUCTION

Public speaking to object to or support planning applications at Worthing Borough Council's Planning Committee is an established part of the Council's procedure.

2.0 AGENDA ITEM

A Planning Officer will introduce the planning application and display any plans as well as bringing any new matters that have arisen since the agenda was prepared. Members may ask questions of the Planning Officer.

3.0 PUBLIC SPEAKING

3.1 Public speaking at meetings of the Worthing Borough Council Planning Committee shall be allowed in respect of planning applications, including Conservation Area, Listed Building, Tree Preservation Order confirmation and Advertisement Consent Applications.

3.2 Questions, statements and comments made by the public to the Planning Committee must be relevant to planning issues.

3.2.1 Examples of relevant planning issues include:-

- External design, appearance and layout of the development;
- Impact on trees and nature conservation or overshadowing and privacy;
- Highway safety;
- Planning Policy and Government Guidance.

3.2.2 Examples of non-relevant planning issues may include:-

- Boundary disputes or other property rights;
- Loss of property value or loss of a view;
- Matters covered by other legislation;
- The applicants' motives, character or reputation.

3.3 Relevant representations will be accepted from Objector(s), Ward Councillor(s) and the Applicant or their representative and Supporters.

3.4 Advance notice of the intention to make representations must be provided to Democratic Services Officers, by email at democratic.services@adur-worthing.gov.uk, by noon on the working day prior to the date of the meeting.

If a decision on the application is deferred to a future meeting, the individual having given appropriate notice, will be able to speak when the application is considered by the Committee again, without the need to give further notice of their intention to speak.

If more than the maximum number of speakers give notice of their intention to make representations, those permitted will be taken in order in which their notice was received.

3.5 The order, and time allowed, for speaking at Worthing Borough Council Planning Committee meetings will be as follows:-

		Time Allowed
Objectors	Limited to a maximum of three speakers	Limited to 3 minutes per speaker
Ward Councillors	<p>Subject to a maximum of one Councillor speaking in support of the application and a maximum of one Councillor speaking against the application, limited to:</p> <ul style="list-style-type: none"> • up to two Ward Councillors, or • with the agreement of the Chairperson, and subject to a maximum of one Ward Councillor wishing to speak, one Ward Councillor and an adjacent Ward Councillor, or • with the agreement of the Chairperson, and subject to no Ward Councillors wishing to speak, a maximum of two Worthing Borough Councillors. 	Limited to 3 minutes per speaker.
Applicant or representative and Supporters	Limited to a maximum of three speakers	Limited to 3 minutes per speaker

There is no right for anyone to speak at a Planning Committee meeting, otherwise than in accordance with the above table. An individual may not speak a second time at a Planning Committee meeting, on the same application.

- 3.6 Speakers may address the Planning Committee Chairman, but are not permitted to ask questions of other speakers, Officers or Members. Members and Officers can question speakers for clarification purposes only.

4.0 DETERMINATION OF APPLICATION

- 4.1 Following public speaking, Members of the Planning Committee will debate the planning application, involving professional Officers as necessary and appropriate. The debate should be governed by the Rules of Debate within the Council's Procedure Rules.
- 4.2 Members of the Planning Committee may receive legal and other professional advice as required during the Committee meeting.

5.0 MISCELLANEOUS

- 5.1 The Chairperson has the discretion to waive any of the requirements of this Protocol if satisfied on legal and professional advice that it is fair, reasonable and appropriate to do so in the circumstances.
- 5.2 This Protocol is formally adopted by Worthing Borough Council as part of its Constitution. It is to be reviewed at least once every 3 years.

PROTOCOL FOR PUBLIC SPEAKING AT PLANNING COMMITTEE

WORTHING BOROUGH COUNCIL

1.0 INTRODUCTION

Public speaking to object to or support planning applications at Worthing Borough Council's Planning Committee is an established part of the Council's procedure.

2.0 AGENDA ITEM

A Planning Officer will introduce the planning application and display any plans as well as bringing any new matters that have arisen since the agenda was prepared. Members may ask questions of the Planning Officer.

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2.03.0 PUBLIC SPEAKING

3.12.4 Public speaking at meetings of the Worthing Borough Council Planning Committee shall be allowed in respect of planning applications, including Conservation Area, Listed Building, Tree Preservation Order confirmation and Advertisement Consent Applications.

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3.2 Questions, statements and comments made by the public to the Planning Committee must be relevant to planning issues.

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23.2.1 Examples of relevant planning issues include:-

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- External design, appearance and layout of the development;
- Impact on trees and nature conservation or overshadowing and privacy;
- Highway safety;
- Planning Policy and Government Guidance.

32.2.23 Examples of non-relevant planning issues may include:-

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- Boundary disputes or other property rights;
- Loss of property value or loss of a view;
- Matters covered by other legislation;
- The applicants' motives, character or reputation.

3.32.4 Relevant representations will be accepted from an objector(s), a Ward Councillor(s) or the Applicant or their representative and Supporters.

3.4 Advance notice of the intention to make representations must be provided to Democratic Services Officers, by email at democratic.services@adur-worthing.gov.uk, by noon on the working day prior to the date of the meeting. If a decision on the application is deferred to a future meeting, the individual having given appropriate notice, will be able to speak when the application is

considered by the Committee again, without the need to give further notice of their intention to speak.

If more than the maximum number of speakers give notice of their intention to make representations, those permitted will be taken in order in which their notice was received.

32.5 The order, and time allowed, for speaking at Worthing Borough Council Planning Committee meetings will be as follows:-

		Time Allowed
Objectors	Limited to a maximum of three speakers	<u>Limited to 32</u> minutes per speaker
Ward Councillors	<p><u>Subject to a maximum of one Councillor speaking in support of the application and a maximum of one Councillor speaking against the application. It is limited to:</u></p> <ul style="list-style-type: none"> • up to two Ward Councillors, or • <u>with the agreement of the Chairperson, and subject to a maximum of one Ward Councillor wishing to speak, one Ward Councillor and an adjacent Ward Councillor (or,</u> • <u>with the agreement of the Chairperson, and subject to no Ward Councillors wishing to speak, a maximum of two Worthing Borough Councillors in exceptional circumstances with the agreement of the Chairperson, another Worthing Borough Councillor)</u> 	<u>Limited to 3 minutes per speaker. At the Committee Chairman's discretion</u>
Applicant or representative and <u>Supporters</u>	Limited to a maximum of three speakers	Limited to <u>32</u> minutes per <u>persons</u> speaker
<u>Committee Members</u>	<u>To discuss the planning application, involving the Officers as necessary</u>	<u>No time limit</u>

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There is no right for anyone to speak at a Planning Committee meeting, otherwise than in accordance with the above table. An individual may not speak a second time at a Planning Committee meeting, on the same application.

- 23.6 Speakers may address the [Planning Committee Chairman](#), but are not permitted to ask questions of other speakers, Officers or Members. Members and Officers can question speakers for clarification purposes only.

4.0 DETERMINATION OF APPLICATION

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- 4.1 [Following public speaking, Members of the Planning Committee will debate the planning application, involving professional Officers as necessary and appropriate. The debate should be governed by the Rules of Debate within the Council's Procedure Rules.](#)

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- 4.2 [Members of the Planning Committee may receive legal and other professional advice as required during the Committee meeting.](#)

5.0 MISCELLANEOUS

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- 5.1 [The Chairperson has the discretion to waive any of the requirements of this Protocol if satisfied on legal and professional advice that it is fair, reasonable and appropriate to do so in the circumstances.](#)

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- 5.2 [This Protocol is formally adopted by Worthing Borough Council as part of its Constitution. It is to be reviewed at least once every 3 years.](#)

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ADUR & WORTHING
COUNCILS

Joint Governance Committee
24 March 2020
Agenda Item 11

Ward(s) Affected: All

Review of the Councils' Standards Procedure Rules

Report by the Monitoring Officer

Executive Summary

1. Purpose

- 1.1. The Chairmen of the Joint Governance Committee have requested that a report be brought before the Committee to enable a review of the Standards Procedure Rules.

2. Recommendations

- 2.1. The Joint Governance Committee is recommended to consider the report and make any recommendation for any changes to the Standards Procedure Rules to Adur District Council and Worthing Borough Council in respect of :
 - a) Location of Sub Committee meetings,
 - b) Selection of Chairpersons and Members to Sub Committees, and
 - c) The Assessment procedure.

3. Context

- 3.1. The Standards Procedure Rules were reviewed in January this year by the Monitoring Officer as part of the on going review work of the Council's constitutions to ensure all provisions are up to date, robust and lawful. The Rules are next due for a review in 2023, unless guidance, best practice or legislation changes in the meantime. However, the Chairmen of the Joint Governance Committee have requested the opportunity to review the Rules with the Committee and consider any recommendations for amendment.
- 3.2. Should the Joint Governance Committee wish to make any amendments to the existing Rules, they would need to make recommendations to each Council to adopt revised Rules as the role of amending the Council's constitution is within the reserved remit of full Council.
- 3.3. In considering the issue and determining whether to make any such recommendations to each Council, members of the Joint Governance Committee would need to take account of and give proper regard to the Council's decision making principles, which can be found in Article 12 of the Constitution. The principles include the need to take account of professional Officer advice, to consult and to make decisions that are proportionate and reasonable, taking account of all relevant issues and not taking account of any irrelevant issues.

4. Summary of Existing Procedures

- 4.1. The Localism Act 2011 made significant changes to the Standards regime in Local Government. Prior to its introduction, complaints were assessed, reviewed and investigated by Members and determined either by Members or by the Standards Board, with a route of appeal to the first tier Tribunal. Adur and Worthing Councils had several standards sub committees each to deal with different aspects of the process of considering a complaint that a Councillor had breached the Code of Conduct. The process was timely, costly, slow and inefficient.
- 4.2. The Localism Act 2011 abolished the Standards Board and put the emphasis on dealing with complaints at a local level giving each Local Authority the responsibility of considering and determining complaints with no right of appeal in respect of determination. The legislation also provided greater authority for each Council to make its own

arrangements. The majority of Councils adopted arrangements where authority was given to the Council's Monitoring Officer to assess complaints and dispose of more minor complaints in some circumstances, with only those matters that warranted it being fully investigated and determined by Members.

- 4.3. The current arrangements at Adur and Worthing were adopted in 2012 and have only been amended in a minor way since their introduction.
- 4.4. The existing Standards Procedure Rules provide for complaints that a Member has breached the Code, to be received by the Monitoring Officer, who carries out an assessment of each complaint. The purpose of assessment is to determine whether or not, on the basis of information supplied by the Complainant, if the matter were proved, it would amount to a breach of the Code of Members' Conduct. No investigation or hearings are conducted at the assessment stage. The second aspect of the assessment process is to consider whether in fact the Member was acting in their capacity as a Councillor at the time of the alleged misconduct, or giving the impression of so acting, and whether the Code was engaged at the relevant time.
- 4.5. The Rules provide that the outcome of the assessment stage may be for the Monitoring Officer to reject the complaint, to attempt to informally resolve it, or to refer it to a full investigation (or refer to another regulatory agency). In reaching a conclusion, the Monitoring Officer will consider the criteria set out in the Rules and will always consult with the Council's Independent Person, and take their views into account.
- 4.6. Generally a complaint may be rejected if the code was not engaged, if the complaint is purely politically motivated, vexatious or brought maliciously, if the matter complained of is trivial or where there does not appear to be a breach. Attempts may be made to informally resolve a complaint where the Monitoring Officer considers that the Code was engaged at the relevant time and that, if proven, the conduct could amount to the breach, but that any breach would be minor with little consequence and there would be little benefit in carrying out an investigation and other steps. A matter would generally be referred for investigation, and potentially determined by way of a hearing, where the Code was engaged, and if proven the conduct would amount to a breach, and either informal resolution has been unsuccessful or the matter is sufficiently serious to warrant progressing to the next step.

The criteria to be considered are set out in the Standards Procedure Rules.

- 4.7. It is important to note that the current provisions allow the Monitoring Officer, in consultation with the Independent Person, to reject a complaint or informally resolve it in certain circumstances, but the only body who may determine that a Member has breached the Code of Conduct is a Sub Committee of Members of the Joint Governance Committee.

5. Review of the Procedures

5.1 Location of meetings held to determine Standards allegations

- 5.1.1 The Joint Committee Agreement between the 2 Councils governs the arrangements for the holding of joint meetings. It provides that meetings of the Joint Governance Committee are held for 6 months of the year in the District of Adur and for the remaining 6 months of the year in the Borough of Worthing. Standards allegations are determined at meetings of the Joint Governance Committee's Sub Committee which follows the same arrangements for the venue of the meeting as the substantive Committee meetings.

One proposal is that the procedures are amended to provide that the venue of the Sub Committee meeting held to determine whether a subject Member has breached the Code should not be within the area of the Subject Member's Local Authority. So for example if a Sub Committee met to determine an allegation of a breach of the Code by a Member of Adur District Council the meeting would be held in Worthing and vice versa.

Members are asked to consider this proposal and make any recommendations they consider appropriate.

5.2 Composition of Sub Committees held to determine Standards matters

- 5.2.1 The Adur and Worthing Constitutions provide that a Sub Committee of the Joint Governance Committee comprises 6 Members; 3 from Adur District Council and 3 from Worthing Borough Council, with a Parish representation being co-opted when the Subject Member is a

Parish Councillor. Legislation provides that the Sub Committee must be politically balanced.

The Sub Committee must comprise Members of the Joint Governance Committee. When a Sub Committee is required to meet, a request is made by Democratic Services Officers as to Members of the Joint Governance Committee who have availability to sit on the Sub Committee. Membership is therefore determined by Officers, taking account of those who are available and have volunteered, ensuring political balance. This has the potential for Members to avoid actively participating in Sub Committee hearings and not fully engaging with their responsibilities in terms of the remit of the Committee to which they are appointed by the Council.

Your Officers recommendation is that the composition of Sub Committee meetings is determined on a rota basis from Members of the full Committee.

- 5.2.2 Further, the current provisions are that the Chairman of the Sub Committee is voted upon by the Members of that Sub Committee. It has been proposed that the procedure should be that the Chairman is voted upon by the Sub Committee Members, with the caveat that the Chairman should not be from the same Authority as the Subject Member.

Members are asked to consider these proposals and make any recommendations they consider appropriate.

5.3 Assessment of Complaints

- 5.3.1 It has been proposed that Members of the Joint Governance Committee be involved in the assessment of complaints received. Members may only lawfully act as collective decision makers by holding a meeting in public and considering an Officer report that has been published in the public domain for at least 5 days. Consequently if Members wished to determine the assessment of complaints, this would require the establishment of an Assessment Sub Committee to meet upon receipt of every complaint to consider an Officer report and determine the assessment. This would inevitably result in increased costs and resources in terms of Officer and Member time.

An alternative proposal that has been suggested would be for the Council's Monitoring Officer to continue to assess each complaint but to be obliged to consult not only with the Council's Independent Person but also with both Chairpersons and both Vice Chairpersons of the Joint Governance Committee. The rationale put forwards for this proposal is that Council Officers are apolitical and that Members would be better placed to judge whether a complaint is political motivated, and also better placed to know if a particular complaint is malicious or vexatious as they might know if there is a history of conflict between the Subject Member and the complainant.

In support of the argument, reference is made to the January 2019 report of the Committee on Standards in Public Life, "Local Government Ethical Standards - A Review" where it states "*The Monitoring Officer usually filters complaints about Councillor conduct and judges if the complaints are trivial or vexatious or whether they should proceed to a full investigation. Usually this filtering is based on the judgment of the officer, often against a formal policy, though the Monitoring Officer may seek the advice of an Independent Person or members of the standards committee when they do so*".

The comments made in the report reflect the current arrangements at Adur and Worthing; complaints are filtered by the Monitoring Officer who judges if complaints are trivial or vexatious or whether they should proceed to investigation and the Monitoring Officer does use her judgment against a formal policy and in consultation with the Independent Person. The report is not recommending any proposals for change in this regard.

Your Officers advise that no changes are made to the Council's procedures relating to the assessment of complaints and that consultation with Members of the Joint Governance Committee is not provided for at assessment stage.

The reasons for this advice may be summarised as follows:

- a) Both the Monitoring Officer and the Independent Person are apolitical, independent and impartial to Party Politics. They must therefore be more able to provide an unbiased determination of whether a complaint is politically motivated, than Members of the Joint Governance Committee who are members of a Political Group.

- b) Should Members of the Committee be involved in the determination of assessment of complaints, there is a very real risk of actual bias in their decision making, and further a risk of perception of bias by the public. To provide for only certain Members of the Committee to be involved in the decision making on assessment, exacerbates the issue as the views of only one Political Group would be represented; it is for this reason that it is a statutory requirement that the Sub Committee determining complaints must be politically balanced.
- c) Whether there is a history of conflict between the Subject Member and the complainant is not a relevant consideration on assessment of a complaint that a Member had breached the Code of Conduct. Members have a duty to uphold high standards of conduct and ethics to all persons, when acting in their capacity as a Councillor, regardless of any history with those individuals. It would be highly prejudicial and contrary to the principles of natural justice to consider the history of the relationship between the complainant and the Subject Member on assessment of the complaint.
- d) If Members of the Joint Governance Committee were involved in the assessment of a complaint, this would inevitably cause a delay to the process and result in less agile decision making. The Monitoring Officer would be required to consult with 5 individuals rather than one. Such a measure seems excessive and unnecessary and would be disproportionate without a clear understanding of any benefit to be gained.
- e) If Members of the Joint Governance Committee were involved in the assessment of a complaint, this would preclude them from sitting on the Sub Committee to determine any allegation of a breach, due to a risk of bias and predetermination. Consequently the pool of Members available to determine breaches would be reduced, increasing workload for remaining Members and resulting in the Chairmen and Vice Chairmen never being able to sit to determine complaints.
- f) It is imperative for public confidence in the democratic process that Members comply with their statutory duty to uphold high standards of conduct and ethics and that the Councils have in

place a robust, transparent, independent and politically impartial procedure for dealing with any allegation that a Member had breached their duty in respect of conduct.

Members are asked to consider these proposals and make any recommendations they consider appropriate.

6. Engagement and Communication

- 6.1 Consultation has taken place between the Monitoring Officer and the Independent Person. Members are advised to take account of the views of the Independent Person before reaching a decision; such views will be reported to the meeting. They are reminded that consultation is one of the Council's adopted principles of decision making.

7. Financial Implications

- 7.1 There are no financial implications arising from this report

8. Legal Implications

- 8.1 Section 27 and 28 Localism Act 2011 govern the statutory requirements relating to Standards matters
- 8.2 The Councils have adopted Standards Procedure Rules which can be found in part 4 of the Councils' Constitutions and are produced at appendix 1 to this report for ease of reference.
- 8.3 Other legal issues are addressed within the body of the report

Background Papers

- Adur District Council Constitution
- Worthing Borough Council Constitution
- Report of the Committee on Standards in Public Life - "Local Government Ethical Standards - A Review by the Committee on Standards in Public Life" published in January 2019.

Officer Contact Details:-

Susan Sale

Monitoring Officer

01903 221119

susan.sale@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified

2. Social

2.1 Social Value

It is essential for the communities confidence in the democratic process that all Members uphold their duties in respect of high standards of conduct and ethics and that there is transparency, robust, impartial process in place to deal with allegations that a Member has breached such duties.

2.2 Equality Issues

Matter considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and issues addressed in the body of the report.

3. Environmental

Matter considered and no issues identified

4. Governance

Matters addressed within the body of the report

STANDARDS PROCEDURE RULES

1.0 INTRODUCTION

- 1.1 It is expected that Elected and Co-opted Members of the Borough, District and Parish Councils will uphold the highest standards of conduct expected of holders of public office. However, in the event that there is a complaint, it is important that this is handled effectively to ensure public confidence is maintained.
- 1.2 Section 28(6) and (7) of the Localism Act 2011 requires the Councils to put in place 'arrangements' under which allegations that a Member or Co-opted Member of the Borough, District or Parish Council has failed to comply with the relevant Authority's Code of Member Conduct when they are acting in that capacity:
- (a) can be investigated; and
 - (b) decisions made on such allegations.
- 1.3 These 'arrangements' must provide for the Authority to appoint at least one Independent Person whose views:
- (a) must be sought, and taken into account by the Authority before it takes a decision on an allegation which it has decided shall be investigated, (i.e. at the assessment stage);
 - (b) may be sought by the Authority at any other stage, including the Committee or Sub-Committee hearing the matter; and
 - (c) may be sought by a Member or Co-opted Member of the Borough/District/Parish Council if that person's behaviour is the subject of an allegation (i.e. by the Subject Member).
- 1.4 The purpose of these arrangements is to comply with the requirements of the Localism Act 2011 in relation to complaints about an Elected or Co-opted Member of Adur District Council / Worthing Borough Council / Sompting Parish Council or Lancing Parish Council and what happens if someone makes a complaint.

2.0 INTERPRETATION

- 2.1 'Subject Member' means the Elected or Co-opted Member of the Authority who is the subject of the allegation made by the complainant, unless otherwise stated.
- 2.2 'Complainant' means the person who has submitted the complaint.
- 2.3 'Investigating Officer' means the person appointed by the Monitoring Officer to undertake an investigation and may include the Monitoring Officer and/or his or her Deputy or representative.
- 2.4 'The matter' is the subject matter of the allegation.
- 2.5 'The Standards Sub-Committee' refers to the Sub-Committee of the Joint Governance Committee, to which it has delegated the conduct of the hearing. It comprises of an equal number of Elected Members from Worthing Borough Council and from Adur District Council.
- 2.6 'Independent Person' means a person appointed by the Councils under the Localism Act 2011, Sections 28(1) to advise the Joint Governance Committee and its Sub-Committee and who has the functions set out in the Localism Act Section 28(7).
- 2.7 'Parish Representative' means a Parish Councillor appointed by the Council to advise the Joint Governance Committee and its Sub-Committee in relation to cases involving Parish Councillors. A Parish Representative will not give advice or sit in relation to a complaint about the conduct of a Parish Councillor of their own Authority.
- 2.8 'Monitoring Officer' means a statutory officer appointed by the Councils under the Local Government and Housing Act, Sections 5 and 5A, who has a role in the promotion and maintenance of high standards of conduct within Local Authorities and includes his or her deputy or representative.

3.0 COMPLAINTS IN WRITING

- 3.1 A complaint must be in writing and must allege a breach by the Member or Co-opted Member, of the relevant Council's Code of Conduct for Members, when the Member was acting in his/her capacity as a Councillor. The Monitoring Officer will be permitted to seek additional information from the complainant and/or the Subject Member.
- 3.2 A complaint should be made on the official complaint form, which can be found on the Councils' website.
- 3.3 A complaint must relate to an individual who was a Member or Co-opted Member of the Council at the time of the matter complained of. The Monitoring Officer cannot deal with complaints about the Borough, District or Parish

generally, or their staff or services; the Council's complaints procedure should be used for such issues. The Monitoring Officer cannot deal with complaints about an individual's conduct before he or she was Elected, Co-opted or appointed, nor after he or she ceased to be a Member.

4.0 ACKNOWLEDGEMENT AND NOTIFICATION

- 4.1 Within seven working days of receipt of the complaint, the Monitoring Officer will acknowledge receipt of the complaint and notify the Subject Member as to the existence of the complaint, the name of the complainant (unless it is not in the public interest to do so) and provide them with a copy of the complaint.
- 4.2 It is likely that the Monitoring Officer will also notify the Subject Member's Group Leader and the Councils' Chief Executive of the complaint and a summary of it.

5.0 ASSESSMENT OF COMPLAINTS

- 5.1 The Monitoring Officer has initial responsibility for considering written complaints by way of allegations against Members for breach of the relevant Code of Members' Conduct. This is known as assessment. The purpose of assessment is to determine whether or not, on the basis of information supplied by the Complainant, if the matter were proved, it would amount to a breach of the Code of Members' Conduct. No investigation or hearings are conducted at this stage.
- 5.2 The Monitoring Officer will consult with one of the Independent Persons on each complaint received, as to whether in their view it could amount to a breach of the Code of Conduct. The Parish Representative will also be consulted in relation to complaints concerning Parish Councillors, and their views will be sought as to whether the complaint merits formal investigation. Their views will be included in the Monitoring Officer's decision report.
- 5.3 If the Monitoring Officer requires further information in order to reach a decision, they may come back to the complainant for such information and may also request information from the Subject Member.
- 5.4 If the Subject Member was not acting in their capacity as a Member at the time of the matter complained of, or if the complaint does not disclose a potential breach of the Code of Members' Conduct, then the complaint will be rejected.
- 5.5 Complaints which in the opinion of the Monitoring Officer are trivial, simply malicious, vexatious, politically motivated or tit-for-tat are also likely to be rejected.
- 5.6 If the complaint does disclose a possible breach of the Code of Members' Conduct and has not been rejected under paragraphs 5.4 or 5.5 above, the Monitoring Officer will consider whether or not the complaint can be more

appropriately dealt with by way of informal resolution. If satisfied that this is the appropriate way forward then the Monitoring Officer will contact the complainant and the Subject Member and seek to arrive at an informal resolution of the complaint. Such informal resolution may involve the Member accepting that his or her conduct was unacceptable and offering an apology or other remedial action. Where the Subject Member makes a reasonable offer of local resolution but the complainant is not willing to accept the offer, the Monitoring Officer will take account of this in deciding whether the complaint merits formal investigation.

- 5.7 If the complaint identifies criminal conduct or breach of other regulations by any person, the Monitoring Officer has the power to call in the Police and other regulatory agencies. If the complaint identifies a safeguarding issue the Monitoring Officer has the power to refer it to other appropriate agencies.

6.0 HOW THE MONITORING OFFICER ASSESSES THE COMPLAINT

- 6.1 In reaching a decision on the complaint, the Monitoring Officer will take into account the following considerations, depending on the nature of the complaint and the need to adopt a proportionate response:

- (a) The extent to which the Subject Member is alleged to have failed to treat others with respect;
- (b) The extent to which the Subject Member is alleged to have acted in a way that may cause the Authority to breach an equality enactment;
- (c) Whether the allegation relates to bullying, intimidating or attempting to intimidate a person involved in an allegation against a Member;
- (d) Whether in disclosing confidential information, the Subject Member failed to take on or heed advice;
- (e) The implications for public perception on the reputation of the Council;
- (f) The implication for staff relations;
- (g) The seniority or position of influence of the Member and public trust and confidence;
- (h) The consequences, or the likely consequences, of the Member's alleged actions;
- (i) The extent to which the Subject Member is alleged to have used his or her position as a Member improperly to confer or secure an advantage or disadvantage;
- (j) The extent to which the Subject Member is alleged to have misused or abused the resources of the Council;
- (k) The detriment caused by acting against advice when reaching decisions;
- (l) The extent to which a failure to register or declare interests results from a failure or refusal to seek or to follow advice;
- (m) Whether the matter of complaint has already been the subject of a previous investigation, or an investigation by another regulator, e.g. the Local Government Ombudsman or the District Auditor or the subject of proceedings in Court;

- (n) Whether the complaint is about something that happened so long ago that there would be little public benefit in taking action now;
- (o) Whether the complaint is too trivial to warrant further action;
- (p) Whether the complaint appears to be simply malicious, vexatious, politically motivated or tit-for-tat;
- (q) The public benefit in directing an investigation or other steps and the costs and Officer and Member time which could be incurred on an investigation or other steps;
- (s) Whether there is enough information currently available to justify a decision to refer the matter for investigation or to seek an informal resolution;
- (t) Whether the complaint is about someone who has died, resigned, is seriously ill or is no longer a Member of the Council concerned and it is not in the public interest to pursue;
- (u) Whether the complaint is such that it is unlikely that an investigation will come to a firm conclusion on the matter and where independent evidence is likely to be difficult or impossible to obtain;
- (v) Whether the Subject Member has already provided a satisfactory remedy (e.g. apologising);
- (w) Whether the matter is suitable for informal resolution and the Member complained of is amenable to such an approach.

7.0 WHAT THE MONITORING OFFICER CAN DO

7.1 When the Monitoring Officer has considered the complaint, he/she can:

- (a) Decide to take no further action in respect of the complaint, whilst providing reasons for such a decision;
- (b) Ask the complainant for additional information, with reasons;
- (c) Refer your complaint for investigation;
- (d) Determine to use other steps rather than investigation, i.e. to resolve the complaint informally without the need for a formal investigation; or
- (e) Refer the complaint to the Police or other regulatory agency if the complaint identifies criminal conduct or a breach of other regulations by any person.

7.2 There is no right of appeal against the Monitoring Officer's decision on assessment.

8.0 A DECISION TO TAKE NO FURTHER ACTION

8.1 Reasons for taking no further action include:

- (a) That the subject matter of the allegation is outside the jurisdiction of the Joint Governance Committee;
- (b) That the allegation does not appear to disclose a failure by the Member to comply with the Code of Members' Conduct when acting in that capacity;

- (c) The information submitted by the complainant is insufficient to enable the Monitoring Officer to reach a decision;
- (d) The matter of the complaint has already been the subject of a previous investigation or of an investigation by another regulator or the subject of proceedings in Court;
- (e) The complaint is about something that happened so long ago, that there would be little public benefit in taking action now;
- (f) The complaint is too trivial to warrant further action;
- (g) The complaint appears to be simply malicious, vexatious, politically motivated or tit-for-tat.

9.0 INFORMAL RESOLUTION

- 9.1 If the Monitoring Officer decides to take steps other than dismissing the complaint or referring it for investigation, they will notify the Complainant, the Subject Member and the Independent Person. A decision to take other steps precludes an investigation or other disciplinary action.
- 9.2 If the Subject Member makes a reasonable offer of resolution but the Complainant is not willing to accept the offer, the Monitoring Officer will take account of this in deciding whether the complaint merits a formal investigation.

10.0 INVESTIGATIONS

- 10.1 Should the Monitoring Officer, after having consulted with the Independent Person, and having concluded their assessment and considered informal resolution, decide that the matter should be investigated, they may conduct that investigation themselves, or delegate to another Investigating Officer, to investigate the matter on behalf of the Monitoring Officer. Such Investigating Officer may be a Deputy Monitoring Officer, another Officer of the Council, or an external appointment.
- 10.2 The investigation will be concluded in private and will result in an Investigator's Report, which will be shared with the Complainant, the Subject Member and the Independent Person. If the investigation identifies, in the view of the Monitoring Officer, that there is evidence that it is more likely than not, that the Subject Member has breached the Code of Conduct, then a meeting will be called of the Standards Sub-Committee of the Joint Governance Committee, to hear and determine the matter.
- 10.3 The Subject Member will be informed of the decision of the Monitoring Officer to call such a meeting. The Subject Member has the right to consult with the Independent Member who the Monitoring Officer has assigned to the case, and who has been involved in the assessment stage. The outcome of the investigation is reported to the Standards Sub-Committee, and may result in a hearing before that Sub-Committee, which is likely to be held in public.

11.0 THE STANDARDS SUB-COMMITTEE OF THE JOINT GOVERNANCE COMMITTEE

11.1 The Joint Governance Committee operates in accordance with the Joint Committee Agreement between Adur District Council and Worthing Borough Council. The terms of reference of the Joint Governance Committee are set out in Part 3 of each Council's Constitution.

11.2 A Sub-Committee of the Joint Governance Committee will be convened to hear and determine any individual complaints that a Member has breached the Code of Conduct, which are referred to it by the Monitoring Officer.

11.3 The Sub-Committee will consist of 6 Members: 3 Members of each of Adur District Council and Worthing Borough Council reflecting the political balance of each of the Councils. It is permissible to have a maximum of 1 Member of each Authority's Executive on the Sub-Committee.

11.4 The Sub-Committee may co-opt 1 Independent Person for each matter, to advise the Sub-Committee on Standards matters. Usual practice is for the Independent Person who was involved in the assessment of the complaint to be co-opted onto the Committee for that particular meeting where the complaint will be heard and determined.

The Independent Person co-opted onto the Sub-Committee will not be entitled to vote at the meeting.

The Independent Person will be entitled to retire to the adjournment room when the Sub-Committee consider and determine their decision.

The views of the Independent Person should be given in front of the Monitoring Officer and the Subject Member, and the public and press if present.

11.5 The Sub-Committee will co-opt one Member of the Parish Council to the Sub-Committee when meeting to hear and determine a complaint that a Parish Councillor has breached the Parish Code of Conduct. The Co-opted Parish Councillor will not be from the same Parish Council as the Parish Councillor subject to the complaint.

The Co-opted Parish Councillor will not be entitled to vote at the meeting.

The Parish Councillor will be entitled to retire to the adjournment room when the Sub-Committee consider and determine their decision.

The views of the Parish Councillor should be given in front of the Monitoring Officer and the Subject Members, and the public and press if present.

11.6 The Sub-Committee has the power to co-opt, in an advisory capacity only, any person who is an Independent Person at another Local Authority to advise the Sub-Committee on such terms as the Joint Governance Committee may

determine and agree with the person concerned and the Local Authority and in accordance with the Localism Act 2011 and any relevant regulations.

- 11.7 Decisions made at a Sub-Committee of the Joint Governance Committee shall be by way of a show of hands. Where the Sub-Committee is determining, following an investigation, whether or not the Code of Members' Conduct has been breached, the decision shall be made by a simple majority, subject to paragraph 11.8 and 11.9 below.
- 11.8 Where the Sub-Committee is determining, following an investigation, whether or not a breach of the Code has occurred and they fail to reach a decision upon the matter by a majority of their votes, this is an unresolved decision. An unresolved decision shall be referred to the Joint Governance Committee for a decision.
- 11.9 Where the Sub-Committee is determining, following an investigation, whether or not a breach of the Code has occurred and there is a simple majority vote which indicated that there has been a breach of the Code, then if the majority of those Members who are Members of the same Council as the Subject Member voted against such a resolution, the matter shall not be determined but shall stand deferred to a meeting of the Joint Governance Committee for a decision. Should the Joint Governance Committee considering such a referred decision be unable to reach a majority decision which includes the majority of those representatives of the relevant Council, then the breach will stand as 'not proven'.

12.0 PROCEDURE FOR MEETING OF THE SUB-COMMITTEE OF THE JOINT GOVERNANCE COMMITTEE SITTING TO HEAR AND DETERMINE AN ALLEGATION OF A BREACH OF THE CODE OF CONDUCT

- 12.1 Firstly the Chairperson will introduce all parties and Members and Co-opted Members of the Committee and will explain the procedure for the meeting.
- 12.2 The Committee will give consideration to excluding the press and public from the meeting but only do so in exceptional circumstances. It is generally considered that the public interest in the matter will outweigh the interests of the individual, bearing in mind the individual is a holder of public office. Advice will be taken from the Legal Advisor to the Committee on this point.
- 12.3 The Subject Member is entitled to be represented at the hearing.
- 12.4 The Monitoring Officer, or their representative, will outline the Council's case and call witnesses, who are likely to include the Investigating Officer (if different from the Monitoring Officer) and the complainant. After each witness is called they should come forwards to give their evidence and return to the gallery once they have given their evidence and answered any questions.
- 12.5 After each individual witness gives evidence for the Council, the Subject Member (or their representative) may ask questions of the Monitoring Officer or the Witness, through the Chairperson, immediately after they have given

evidence. Following which, Committee Members may ask any questions of the Monitoring Officer or the Councils' witnesses immediately after the Subject Member has done so.

- 12.6 The Subject Member or their representative will then outline their case and call witnesses. After each witness is called they should come forwards to give their evidence and return to the gallery once they have given their evidence and answered any questions.
- 12.7 The Monitoring Officer (or their representative) may ask any questions of the Subject Member and their witnesses, through the Chairperson, immediately after they have given evidence. Following which, the Committee Members may ask questions of the Subject Member or their witnesses immediately after the Monitoring Officer has done so.
- 12.8 The Monitoring Officer will then be offered an opportunity of a final comment and summing up. Then the Subject Member will be offered an opportunity of a final comment and summing up.
- 12.9 The views of the Independent Person (and the Parish Representative when considering a Parish complaint) will be sought and will be given with the Monitoring Officer, Subject Member and any press and public present.
- 12.10 Members of the Sub-Committee will adjourn into private session to determine the matter. The Legal Advisor to the Committee will be present throughout any discussion, as will the Independent Person (and the Parish Representative when considering a Parish complaint).
- 12.11 The Sub-Committee will reconvene to take a vote in public, deliver their decision and provide reasons.
- 12.12 There is no right of appeal against the decision of the Sub-Committee.
- 12.13 It should be noted that if the Subject Member accepts that there has been a breach of the Code of Conduct as alleged and evidenced in the Investigating Officer's report then the Sub-Committee may determine that the procedure above is not appropriate; they may dispense with the calling of witnesses, formally find a breach of the Code of Conduct and deal with the issues set out at paragraph 13 below.

13.0 MITIGATION

- 13.1 Having heard the Sub-Committee's decision, if a breach has been found, the Legal Advisor to the Sub-Committee will outline the possible sanctions available.
- 13.2 The Monitoring Officer or their Representative has the opportunity to make representations relating to appropriate sanctions, to the Sub-Committee. The

Subject Member or his Representative then have an opportunity to address the Sub-Committee on mitigation and sanctions.

- 13.3 The views of the Independent Person and the Parish Representative (if a Parish matter) will be sought and given in the meeting.
- 13.4 The Sub-Committee will then retire into private session, with the Legal Advisor, to come to a decision about sanctions. The decision together with reasons will then be announced in the meeting by the Chairperson of the Sub-Committee.
- 13.5 The decision of the Sub-Committee will be confirmed in writing within 5 working days.
- 13.6 The rules of natural justice apply to the hearing and determination of the Sub-Committee.

14.0 SANCTIONS

- 14.1 The Sub-Committee has no power to suspend or disqualify a Member.
- 14.2 Any sanction imposed must be proportionate and reasonable to the circumstances of the matter.
- 14.3 Any sanction imposed may not prevent the Member from being able to perform their duties as a Member.
- 14.4 Any sanctions imposed in respect of a Parish Councillor can only be recommendations from the Sub-Committee to the Parish Council. The District and Borough has no power to impose sanctions on a Parish Councillor and any recommendation would need to be agreed by the Parish.
- 14.5 Sanctions may include:
 - Censure
 - Publishing a decision that the Member has been found to have breached the Code of Conduct
 - Recommending to the Group Leader or the Council that the Member be removed from any or all Committees or Sub-Committees.
 - Instructing the Monitoring Officer to arrange training
 - Recommending to the Group Leader or the Council that the Member be removed from outside body appointments
 - Withdrawal of facilities.

15.0 WITHDRAWAL OF A COMPLAINT

- 15.1 Once a valid complaint has been submitted it can only be withdrawn before assessment by the Monitoring Officer. Withdrawal requires the consent of the

Monitoring Officer in consultation with the Independent Person and the Parish Representation, as appropriate. Consent will normally be given. However, in considering a request from the complainant to withdraw the complaint, the Monitoring Officer will consider:

- (a) The reasons for the requests;
- (b) Whether the public interest in pursuing action outweighs the request;
- (c) If the public interest suggests the matter should proceed, the extent to which it can proceed without the complainant's involvement;
- (d) Whether there is an identifiable reason for the request, e.g. improper pressure that has been brought to bear.

After assessment by the Monitoring Officer, a complaint cannot formally be withdrawn without the Monitoring Officer or the Standards Sub-Committee, in consultation with the Independent Person and Parish Representative, as appropriate, depending upon the stage to which the action has reached, taking into account the request for the matter not to proceed further.

16.0 VARIATION

- 16.1 The Monitoring Officer may vary this procedure in any particular instance where he or she is of the opinion that such variation is desirable and does not conflict with the statutory requirements, nor the principles of natural justice.

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