

Runnymede Borough Council
STANDARDS AND AUDIT COMMITTEE
Tuesday 16 September 2003 at 7.30 p.m.
in the Council Chamber
at the Civic Offices, Addlestone



Members of the Committee

Councillors E.G. Barrett, A.J. Davis, Mrs. E.E. Price, Ms. C.M. Simmons and A.P. Tollett; and Dr. R.F. Miller and Mrs. C. Spurling (Independent Members)

In accordance with Standing Order 29.2 any non-member of the Committee who is considering attending the meeting should first request the permission of the Chairman.

A G E N D A

Notes:

- i) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- ii) The relevant "background papers" are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr. R.I. Langmead, Administration and Leisure Department, Committee Section, Civic Offices, Station Road, Addlestone (Tel. Direct Line: 01932 425610). (Email: ian.langmead@runnymede.gov.uk)**.
- iii) Agendas and Minutes are available on a subscription basis. For details, please ring Mr. B.A. Fleckney on 01932 425620.
- iv) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

LIST OF MATTERS FOR CONSIDERATION

PART I

Matters in respect of which reports have been made available for public inspection

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PART II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.

a) Exempt Items

(No items to be considered under this heading).

b) Confidential Items

(No items to be considered under this heading).

1. ELECTION OF CHAIRMAN

To elect a Chairman for the Municipal Year 2003/2004.

(TO RESOLVE)

2. ELECTION OF VICE-CHAIRMAN

To elect a Vice-Chairman for the Municipal Year 2003/2004.

(TO RESOLVE)

3. MINUTES

To confirm and sign the Minutes of the Meeting held on 26 March 2003.

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at meetings.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

6. TRAINING NEEDS OF MEMBERS

The Committee is asked to consider and indicate which of the following needs should be the subject of formal training sessions for Members of the Committee, or for Members of the Council generally:

i) The Code of Conduct for Members

All Members of the Council were offered training on this in 2002, and although not every Member was able to attend, all received the training material. Some Members may appreciate a refresher, and there is a need to arrange something for new Members who were elected this year.

In this connection, Officers have received a video entitled "The Code in Practice" from the Standards Board for England. Although it is aimed primarily at town and parish Councils, its running time is relatively short and Officers will show it at the meeting for the interest of Members and to enable them to assess whether it should form part of wider training.

ii) The role of the Standards and Audit Committee

There are three distinct elements to this:

- i) the statutory responsibilities arising under the Local Government Act 2000 and relevant regulations, which are concerned with ethical standards and the conduct of Members and co-opted Members;
- ii) the role committed to the Committee by the Council as an appeal body for the hearing of certain staff appeals; and
- iii) the new functions added this year of oversight of the Council's Internal Audit function (which for this purpose centres around the adequacy of the Council's risk management and control systems rather than financial and accounting technicalities).

Training under this second heading is probably best targeted at Members of this Committee but perhaps with an open invitation to interested Members of the Council.

Resource Implications

Appropriate financial provision exists for Member training.

Officers would seek to arrange the training outlined in the report for the early autumn of this year. Members of the Committee may also wish to note the enclosed copy of details of training specifically for Standards Committee Members, run by an external provider. If any Member is interested they are asked to contact the Monitoring Officer.

**THE COMMITTEE IS ASKED -
to confirm the training desired and to indicate the ingredients it would like
included or emphasised.**

(TO RESOLVE)

Background Papers

None.

7. INTERNAL AUDIT - REVIEW OF SERVICE PERFORMANCE (DF)

1. Purpose of Report

- 1.1 To explain the role of Internal Audit within the organisation.
- 1.2 To report the achieved audit coverage and performance against the 2002/03 plan
- 1.3 To review the recommendations made in audit reports issued in 2002/03 and the progress made in their implementation.
- 1.4 To review the 2003/04 Internal Audit plan and to consider any internal control issues arising.
- 1.5 To note Internal Audit's assessment of the adequacy, reliability, and effectiveness of the internal control system and the extent to which the Council can rely on it.

2. Background Information

On 26 June 1996, the Council's Policy and Resources Committee meeting approved a bi-annual reporting process. In practical terms, since then, Members have been provided with two reports each year:

- one presenting the annual Internal Audit plan for approval (normally in November);
- another reporting actual work performed compared to that plan (normally around June).

- 2.1 The primary purpose of this report is to review audit coverage last year and matters arising from these audits. However, as this is the first audit report to this Committee, Officers felt it appropriate to deal with these topics more expansively than in the past and to provide additional commentary on the role of this Committee and of Internal Audit.

3. Role of Internal Audit

- 3.1 Internal Audit is a statutory requirement in local government as defined in the Local Government Act 1972 (section 151), and the Accounts and Audit Regulations 2003.
- 3.2 Regulation 6 of the Accounts and Audit Regulations 2003 provides that a relevant body shall:
'.....maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper internal audit practices, and any officer or member of the body shall, if the body requires;
 - a) *make available such documents of that body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and*
 - b) *supply the body with such information and explanation as that body considers necessary for that purpose.'*

- 3.3 This regulation clarifies the wider role of Internal Audit i.e. to review all the organisation's internal controls. Although the previous 1996 Regulations broadened internal audit's right of access to include non-accounting records, they were not as specific about the scope of Internal Audit work.
- 3.4 The recently released Accounts and Audit Regulations (2003) restates that the 'relevant body' is responsible for the Internal Audit function, rather than a specific officer. Runnymede Council has delegated this responsibility to the Director of Finance, but it is worth pointing out that in comprising the 'relevant body' Members are ultimately responsible for ensuring that this duty is discharged.
- 3.5 The 'proper internal audit practices' referred to in the Regulations are detailed in two documents:
- ❑ the Code of Practice for Internal Audit in Local Government in the United Kingdom (CIPFA – Chartered Institute of Public Finance and Accountancy)
 - ❑ Standards for the Professional Practice of Internal Audit (IIA – Institute of Internal Auditors).
- 3.6 Key requirements of these documents relate to:
- ❑ the scope of Internal Audit,
 - ❑ professional ethics i.e. integrity, objectivity, competence and confidentiality,
 - ❑ Auditor independence, both in carrying out audits and in reporting mechanisms,
 - ❑ proficiency and due professional care of auditors.
- 3.7 CIPFA's Code of Practice lists information that the Chief Internal Auditor should bring to the attention of the Audit Committee. This list is reproduced in the table below, together with a commentary on the situation at Runnymede.

Information to be brought to the attention of the Audit Committee	Situation at RBC
Terms of Reference of Internal Audit	There is no specific 'Terms of Reference' document as recommended in CIPFA standard 1. Many of the required provisions are embodied in the section's Procedures Manual and/or Financial Regulations, though some requirements of the Code of Practice are not covered in either. Such a document has therefore been drafted, and is presented as Appendix 'A' to this report for approval.
Internal Audit Strategy	Most of the requirements for this have in the past been covered by the strategic plan. The strategic plan currently being compiled will be checked to ensure it covers the requirements of the latest CIPFA standard.
Resourcing of Internal Audit	This is already included in the reports presented to members, and will continue to be.
Periodic Internal Audit plans, progress against the plans, material changes to the plans and implications arising from findings.	These issues are already reported to members. Commencing with this Committee meeting, the Standards and Audit Committee will also receive a list of recommendations made, together with progress towards their acceptance/adoption.
Adequacy of management response to Internal Audit's advice and recommendations.	This will be an integral part of reporting outstanding recommendations.

Annual report from Head of Internal Audit	Such reports are already provided and will continue to be.
Arrangements for, and the results of, quality assurance and performance management.	All reports and working papers are checked by the Chief Internal Auditor. Performance targets have been set and results are reported to Members annually.
Arrangements for co-operation between Internal Audit, external audit and other review bodies.	Internal Audit and the Council's external auditors meet quarterly to avoid gaps and duplication in audit plans. Audit Commission auditors confirm that they are able to place reliance on the work of Internal Audit.

4. Internal Audit Coverage and Performance for 2002/03

4.1 2002/03 was a difficult year for the section in terms of resources. The Senior Audit post was vacant for 6 weeks following the occupant's move to another Authority, and the Auditor was absent for 6 months due to serious illness.

4.2 The shortfall in audit days was reduced by the appointment of contractors. In total, 82 days of external provision was purchased from the Council's standing contractor and a second contractor.

4.3 The plan for 2002/03 was to carry out 39 audits. Two additional audits were planned:

- Grant Aid - deferred from 2001/02 because of impending procedural changes,
- Elections - audit originally provided unsatisfactorily by a contract auditor.

4.4 Of these 41 audits,

- Six were carried into 2003/04,
- Two were not carried out because no work was required (eg checking overage payments for Chertsey redevelopment),
- Two had already been covered in recent audit work,
- One was better placed to be included in an audit planned for 2003/04 due to the reorganisation of Environmental Services.

The remaining 30 audits, together with 3 of the 6 audits carried forward, were completed by the middle of April 2003. An additional audit was carried out in respect of Car Parks, prompted by a banking discrepancy

4.5 In view of the shortage of staff and the time required to cover the routine work of absent auditors and the vacant ISO auditor post, the Chief Internal Auditor considers this to be a good result for the year.

4.6 An analysis of the 2002/2003 days is shown in the following table.

Audit days 2002/2003					
	Plan days	Actual Days			
		In house team	ACIT	Deloitte	Total
Annual leave/bank holidays etc.	116	83			83
Sickness	12	156			156
Corporate work (eg DMT meetings)	22	12			12
Corporate ISO work	37	31			31
Insurance/Risk Management	50	57			57
Overheads and non chargeable work	164	140			140

Audit Commission* and corporate audit work (e.g. data matching)	32	16			16
Audit Days of which:-					
systems audits	295	198	39	43	280
computer audits	20	9			9
contract final accounts	10	19			19
“special” unplanned work including investigations and consultancy	52	37			37
Total Days	810	758	39	43	840

* work undertaken to reduce the external audit fee

4.7 The notable differences between the plan and actual results are:

- 11 of the days allocated to Audit Commission work could not be carried out due to changes in the Audit Commission’s methods.
- Sickness absence was considerably higher than planned.

4.8 Internal Audit’s performance against the section’s performance targets appear as Appendix 'B' to this report.

4.9 Over 90% of the recommendations made by Internal Audit in 2002/03 were accepted by the auditee, and most were implemented within the agreed timescale. A list of the recommendations made and progress to date is attached as Appendix 'C'.

4.10 The audits are listed in order of the audit opinion determined as a result of the conclusions formed from conducting each audit. These opinions range from ‘critical’ to ‘good’, and a definition of each is appended to each audit report issued. The definitions are reproduced for this report as Appendix 'D' together with the number of audits from 2002/03 falling into each category.

5. The 2003/04 audit plan and matters arising

5.1 Not all work planned for the first part of this audit year has been completed due to both audit posts being vacant, one due to recruitment problems and the other due to the auditor going back on long term sick leave.

5.2 Approximately 30 additional audit days have been arranged from an external supplier, and the purchase of further days is currently under negotiation. Having been unable to recruit anyone with audit experience, officers have decided to appoint a trainee auditor. In the short term this will be an additional drain on the Chief Internal Auditor’s time. In the longer term the section will have an experienced qualified auditor.

5.3 The work that has been carried out this year has not revealed any specific significant issues that need to be brought to the Committee’s attention. Issues have been identified regarding the implementation of the new Planning computer system, which have highlighted the need to control changes made to other systems by individual Systems Administrators. This matter is being addressed.

5.4 An audit plan for the 2004/05 financial year will be submitted to the next meeting of the Committee.

6. Internal Audit’s assessment of the internal control system

6.1 On the whole, the Council’s internal control system is adequate, reliable and effective. The most significant weaknesses arose in the following areas. These audit areas were those where an audit opinion of ‘critical’ or ‘unsatisfactory’ were determined.

- Some staff seem unaware of the Council's rules and procedures e.g. the application of Financial Regulations to the letting of contracts, partly due to a relatively high turnover of staff. This is being addressed by financial awareness training. There is also a concern that consultants are being relied on to perform financial monitoring of contract work, although their brief does not make this clear. (Contract audit)
- The investigation of 'teething problems' arising from a change in security company highlighted significant weaknesses in control over cash from car park machines. No evidence was found that the weaknesses had been exploited, and recommendations were made to tighten up control. (Car Parks audit)
- A review of property transactions identified that although the valuation aspects of property transactions were being agreed in a timely manner, the related legal work was being delayed, resulting in a possible loss of income to the Council. Three recommendations were made and Audit has been assured that all three have been implemented. This will be tested at the next audit of that area. (Land and Property audit)
- The absence of a formal Risk Management process throughout the Council. Officers are now actively correcting this situation by revisiting the Council's Risk Management Strategy and buying in assistance from the consulting arm of the Council's insurers, to help compile a Risk Register. (Issues arising from a number of audits and Insurance work.)

OFFICERS' RECOMMENDATIONS that -

- i) the Internal Audit Terms of Reference at Appendix 'A' be approved.**
- ii) the Committee is requested to review the Audit coverage set out in this report.**

(TO RESOLVE)

Background Papers

None stated.

8. INDEPENDENT MEMBERS - TERM OF OFFICE (DAL)

The Committee will be aware that on 17 July, the Council reappointed Doctor R. Miller and Mrs C. Spurling as independent Members of the Committee, following the selection process undertaken in accordance with the relevant regulations, which had become unexpectedly protracted. So far the term of office of the independent Members has not been specified. There is no statutory time set; this is up to each local authority.

Officers suggest that the term of office of the independent Members should be four years, the same period as the term of office of a Councillor before he or she must stand for re-election. Officers do not suggest that there should be any bar to independent Members offering themselves for a further term of office, although clearly they would have to be considered along with other applications which came forward at the appropriate time. However, the Council could if it wished say that no more than two terms could be served consecutively.

Clearly there is nothing to stop an independent Member resigning before his or her term of office has expired; in this event as much notice as practicable would be helpful to the Council in order that it may arrange for the advertisement and selection procedure to be implemented.

OFFICERS' RECOMMENDATION that -

The term of office of independent Members of the Standards and Audit Committee be four years.

(TO RECOMMEND)

Background Papers:

None.

9. STANDARDS BOARD FOR ENGLAND CASE REVIEW

The Standards Board has published a guidance book on the Code containing various questions and case studies. This is held by the Monitoring Officer. Members may find the case examples attached at Appendix 'E' of some interest as an indication of the way the Standards Board approaches the issues.

(FOR INFORMATION)

10. COMPLAINTS AGAINST MEMBERS OF RUNNYMEDE BOROUGH COUNCIL

There have been no complaints of breaches of the Code of Conduct against Members of this Council to date.

(FOR INFORMATION)

Background Papers

None.

11. OMBUDSMAN INVESTIGATIONS

The following matters have arisen with the Commissioner for Local Administration since the last meeting of the Committee:

Matter	Date Notified	Outcome
Complaint of delay in determining Housing and Council Tax benefit	22 January 2003	Not pursued - insufficient information from complainant.
Complaints regarding overgrowth of highway shrubs	27 March 2003	Not pursued - locally settled by actions of Surrey County Council.
Complaints of inadequate communication over notification of neighbouring planning application	12 June 2003	Not pursued - insufficient evidence of maladministration
Complaint of failure in administration and unsympathetic treatment in collection of Council Tax	21 August 2003	Under consideration

(FOR INFORMATION)

Background Papers

None.

12. MEMBERS' IT PROTOCOLS (DAL)

1. Purpose of Report

1.1 To review the IT protocols recently agreed by the Council and to offer any comments or further recommendations.

2. Background Information

2.1 After considerable debate, the Member IT Working Group agreed draft protocols for Members' use of IT equipment and systems which were reported to the Corporate Management Committee on 3 July this year. The protocols were subsequently approved by full Council on 17 July.

2.2 Last year's Standards Committee, at its meeting on 18 February, had indicated its intention of considering the protocol or protocols and in adopting the documents the Council invited this Committee to make further comment. The protocols are attached at Appendices 'F' and 'G'.

2.3 Touching as they do on matters of probity and conduct as well as administration, the protocols are a proper subject for review by this Committee. They are also relevant to paragraph 5(b) of the Members' Code of Conduct (see below). This practice is followed by a number of other authorities.

3. Issues

3.1 There are two protocols - one dealing with the provision and use of computers and printers, and the other dealing with internet connections.

3.2 The paragraphs which deal with matters of probity and ethics are as follows:

- i) Paragraph 6 of the computer and printer protocol, prohibits breaches of the law, and prohibits use which might compromise use of the computer for the carrying out of Council duties. Paragraph 7 allows use for other public bodies subject to an agreement procedure.
- ii) Paragraph 10 of the computer and printer protocol provides that the Councillor must return the equipment, or exercise his or her option to purchase, within one month of leaving office.
- iii) Paragraph 3.1 of the internet protocol prohibits use in breach of the law, similarly to (i) above.
- iv) Paragraph 3.2 of the internet protocol requires Councillors to indicate unambiguously the non official nature of personal communications sent using their Council e-mail address.
- v) Paragraph 3.3 of the internet protocol prohibits the sending of "spam".
- vi) Paragraph 3.4 of the internet protocol makes the Councillor responsible for any additional expenditure resulting from his or her use of the installed lines.
- vii) Paragraph 4 of the internet protocol provides an approval procedure for use of the connection for the work of other public bodies.
- viii) Paragraph 7 of the internet protocol provides that the internet service will be removed when the Councillor leaves office, but that he or she may retain the line if there is no cost to the Council.
- ix) Both protocols contain provisions making it clear who owns the various pieces of equipment.

3.3 Paragraphs 2 - 7 of the Runnymede Code of Conduct for Members impose general obligations - avoiding harassment and bullying, maintaining both confidentiality and proper freedom of information, not conducting oneself in a manner which could reasonably be regarded as bringing one's office into disrepute, not abusing one's position, paying due regard to statutory advice, and upholding the Code of Conduct.

3.4 Of these, probably paragraphs 4 and 5 (not bringing one's office into disrepute and not abusing one's position) will be seen as the most relevant. These are discussed further below. Members are asked to refer to their own copies of the Code for the precise wording.

4. Paragraph 4 of the Code - Not bringing one's office or Authority into Disrepute

4.1 A number of Local Authorities (and other employers) have encountered problems with alleged use of computers for pornographic purposes, whether by staff or by Members. This paragraph may serve to inhibit such use.

4.2 There are, however, the following problems in using this paragraph to control undesirable use of a computer:

- except perhaps in the case of a serious criminal offence, there is a value judgment to be made as to what kind of conduct brings one's office into disrepute. It is likely that there would be disagreement on the categorisation of some material as pornographic or not pornographic, or what is acceptable conduct and what is not.

- if the conduct is unknown to persons outside the authority there will be an issue as to whether it could be regarded as bringing the office or authority into disrepute.

5. Paragraph 5 - Not abusing one's position as a Member

5.1 Paragraph 5 of the Code prohibits Members from using their position as Members for improper advantage or dealings, and requires them, when using or allowing the use of the Council's resources, to act in accordance with the Council's requirements and not to allow use of the resources for political purposes (except for the purposes of discharging their Office as a Member).

5.2 This paragraph is of reasonably general application and is not difficult to follow. The protocols will be particularly relevant to paragraph 5 (b) (i). This is the part requiring Councillors using the resources of the Council to act in accordance with the Council's requirements. Thus breach of the Members' IT protocols is likely to constitute a breach of the Members' Code of Conduct.

6. Conclusion

6.1 The Members IT Working Group reported to the Corporate Management Committee that they considered that the Members' Code of Conduct was adequate to cover areas where the IT protocols were silent, particularly in relation to the issue of pornography. There is no doubt that some uses of Members' IT equipment for such purposes would constitute a breach of the Code of Conduct even if it did not constitute a breach of the protocol. However, additional wording and definition would be necessary if further clarity as to the extent of acceptable and unacceptable use was wanted.

THE COMMITTEE IS ASKED -

to consider the Members' IT protocols and offer any additional comment or recommendations it thinks fit, if any.

(This will be a recommendation to Council if any changes are suggested).

Background Papers

None.

13. ANTI FRAUD AND CORRUPTION POLICY (DF)

1. Purpose of the report

1.1 **To provide the Committee with an opportunity to comment on the Council's Anti Fraud and Corruption Policy prior to its submission to the Corporate Management Committee.**

2. Background information

2.1 In October 1998 the Council approved an Anti Fraud and Corruption Policy. The policy is available on the Council's web site.

2.2 The policy will be reported to the Corporate Management Committee on 2 October 2003 as part of a routine review of its adequacy.

3. Report

3.1 The policy has been updated to reflect new job titles but in all other respects Officers consider that the existing policy is satisfactory. The amended version is reproduced at Appendix 'H'.

3.2 When Internal Audit reviewed the operation of the policy last year, it was felt that it should be given greater publicity amongst new staff. Information was circulated to all staff some two years ago but in view of staff turnover since then, there will be some staff who may be unaware of the Council's policy. Subject to the comments of this Committee and the

approval of the Corporate Management Committee, the policy will be e-mailed to all staff and Members.

THE COMMITTEE IS ASKED -

to state if there are any comments it wishes to submit to the Corporate Management Committee when the Anti Fraud and Corruption Policy is reviewed.

(TO RESOLVE)

Background Papers

None stated

14. LEGISLATIVE CHANGES (DAL)

1. Purpose of Report

1.1 To inform Members of changes to relevant legislation, and their implications.

2. Local Government Bill

2.1 This is not strictly yet a change to legislation, as the Local Government Bill currently before Parliament has not received the Royal Assent. However this is expected in the current Parliamentary session.

2.2 The Bill includes the following provisions:

- i) Clause 113 allows the Standards Board for England to delegate any of its functions to its Members, staff, Committees or Sub-Committees. This is intended to give the Board greater administrative flexibility and enable it to handle complaints more speedily.
- ii) Clause 114 allows a local authority's Standards Committee to appoint Sub-Committees. This is because it is intended that certain complaints against Members will be referred to local Standards Committees and it will be appropriate for them to be able to constitute hearings Sub-Committees rather than be forced to deal with every complaint through the whole Committee.
- iii) Clause 114 also enables a local authority Monitoring Officer to nominate another person to carry out his duties when he believes he should not do so himself. This is to assist Monitoring Officers in avoiding conflicts between investigative functions which they have to fulfil in relation to complaints, and their advisory functions to Standards Committees and to Members individually.

3. The Local Authorities (Code of Conduct) (Local Determination) Regulations 2003

3.1 These regulations came into force on 30 June 2003. They govern procedural matters which will arise for local Standards Committees if an ethical Standards Officer investigating a complaint against a Member for the Standards Board for England chooses to refer the matter to the local Monitoring Officer. They cover matters of public access, access to information, the convening of the Standards Committee, and the procedures the Standards Committee should follow. The regulations also detail the range of sanctions which the Standards Committee can impose if they find the allegation proved, and provide for appeals.

3.2 A summary of the regulations, prepared by the Monitoring Officer of Gedling Borough Council, and made available to other local authorities, is attached at Appendix 'I'.

3.3 The Standards Board for England has issued guidance on the new regulations and a copy of this is enclosed with the agenda for every Member of the Standards and Audit Committee. The Guidance may also be downloaded free from the Standards Board's website at www.standardsboard.co.uk. It covers the circumstances in which referrals to a Standards Committee might arise, best practice in procedure, conduct of the hearing, and other matters. There are model hearing procedures and model documentation.

3.4 Authorities should develop their own procedures although they should be consistent with the Standards Board guidance.

4. Future Developments

4.1 Further regulations are expected covering the powers and duties of Monitoring Officers and the conduct of investigations. It is suggested that following the publication of these regulations and the enactment of the Local Government Bill provisions, Officers should prepare local procedures for consideration by the Committee at its meeting in February 2004; it should then be possible to include these in the 2004/05 edition of the Council's Constitution.

4.2 Until then it is recommended that, if required, the Committee adopt the model procedures set out in the Standards Board guidance, with any variations the Monitoring Officer might determine for each case after consultation with the Chairman of the Committee.

4.3 It may also be necessary for the Committee to appoint a Hearings Sub-Committee to comply with the Standards Board guidance that hearings should be conducted by a panel of between three and five Members. However, this will not be possible until the Local Government Bill provisions come into force.

OFFICERS' RECOMMENDATION that -

- i) the Monitoring Officer report further to the February meeting of the Committee on appropriate procedures for the Standards and Audit Committee and related matters;**
- ii) pending adoption of new local procedures, the Standards and Audit Committee follow the model procedures and guidance published by the Standards Board for England in August 2003, subject to any variations which might be determined by the Monitoring Officer following consultation with the Chairman of the Committee.**

(TO RESOLVE)

Background Papers

Summary of new regulations by Monitoring Officer of Gedling Borough Council made available through the Association of Council Secretaries and Solicitors.

15. ACCOUNTS AND AUDIT REGULATIONS 2003 (DF)

1. Purpose of Report

1.1 **The Government issued new Accounts and Audit Regulations in April and the purpose of this report is to explain their implications for this Committee.**

2. Background Information

2.1 This matter was reported in full to the meeting of the Corporate Management Committee on 5 June 2003 and this agenda item is reproduced at Appendix 'J'.

3. Report

3.1 The Accounts and Audit Regulations place obligations upon the Council in establishing its corporate governance arrangements. The main areas relate to

- Financial management
- Accounting records and control systems
- Internal Audit
- Statement of accounts
- Disclosure of remuneration of senior staff
- Signing and approval of the statement of accounts
- Public inspection of accounts

3.2 Particular attention is drawn to the following paragraphs in Appendix 'J':

- Paragraph 3.1.1, which deals with the requirement for the Authority to have a "sound system of internal control" and to review its effectiveness at least once a year.
- Paragraph 3.1.3, which points out that the Council is now required to have risk management arrangements.
- Paragraph 3.3.1, setting out the new definitions of internal audit responsibilities.

4. Financial Regulations

- 4.1 The Council approved the new Financial Regulations at its meeting on 17 July 2003, which incorporate the requirements of the Accounts and Audit Regulations. These are published in full on the Council's web site.
- 4.2 Regulation 7.2 places the responsibility for approving the Council's risk policy statement and strategy on the Standards and Audit Committee. A draft updated policy is submitted for approval elsewhere on the agenda.
- 4.3 Regulation 9.8 sets out the requirement to report to the Standards and Audit Committee at least once a year on the audit coverage in the previous year and the plan for the forthcoming year.

(FOR INFORMATION)

Background Papers

Letter from the Office of the Deputy Prime Minister dated 12 March 2003.
S.I. 2003 No. 533, The Accounts and Audit Regulations 2003, 6 March 2003.
Guidance on the Accounts and Audit Regulations 2003, ODPM Circular 04/2003.

16. EXCLUSION OF PRESS AND PUBLIC

If the Committee is minded to consider any of the foregoing items in private, it is the

OFFICERS' RECOMMENDATION that -

the press and public be excluded from the meeting during discussion of the following reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in the appropriate paragraphs of Part I of Schedule 12A of the Act.

(TO RESOLVE)

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.

a) Exempt Items

(No items to be considered under this heading).

b) Confidential Items

(No items to be considered under this heading).