

**Southern Internal Audit Partnership  
Confidential  
Internal Audit Report**

Members Code of Conduct  
2012/13

**Prepared by:** Manjola Lico

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This document has only been distributed to these individuals:

<b>Name</b>	<b>Title</b>
Richard Ivory	Head of Legal, HR and Democratic Services
Sandra Coltman	Democratic Services Manager

## 1 **Audit objectives**

- 1.1 This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives:
- a member's code of conduct is in place and approved by the relevant committee and has been implemented
  - members have been given and attended relevant training on the new Code of Conduct
  - members have completed a Declaration of Interest form with the latest up to date information

## 2 **Audit opinion**

- 2.1 The overall opinion of this review based on the audit evidence obtained, is that adequate assurance can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives.

## 3 **Executive summary**

- 3.1 Discussions with the Head of Legal, HR and Democratic Services and audit testing confirmed that the introduction of the Localism Act 2011 brought about some fundamental changes to the system of regulation and recommended that the Code of Conduct for Members of the Council was replaced and freshly adopted.
- 3.2 As a result, the Members Code of Conduct was rewritten in May and June 2012, and reviewed and approved by the Standards and Governance Committee and adopted by full Council on the 11 July 2012. The new and revised Member's Code of Conduct is available on the Southampton City Council web pages.
- 3.3 Discussions with the Democratic Services Manager and testing of the training records confirmed that the Members of the Council were invited to attend a number of training sessions to make them aware of the changes to the new and revised Code of Conduct. We noted, however, that there was very low attendance at the training sessions offered; only 22 out of 48 attended. The Powerpoint presentation was however sent to all members afterwards.
- 3.4 The new and revised Members Code of Conduct requires Members of the Council to declare and complete a Declaration of Interest form with the latest up to date information. The form was also revised as a result of the introduction of the new Members Code of Conduct, and audit testing found that all the 48 Members

of the Council have completed a form declaring their interest as per the requirements of the new and revised Code of Conduct. We have, however, made an observation regarding the consistency of completing these forms.

- 3.5 At the initial scoping meeting with the Head of Legal, HR and Democratic Services and further discussions with the Democratic Services Manager we were advised that there is no longer a requirement for the Members of the Council to declare any gifts and hospitality, and as such this is not included in the new and revised Members Code of Conduct. Although this is not a mandatory requirement, maintaining a record of the gifts and hospitality received by members ensures openness and transparency.

#### 4 Action plans

4.1 The action plans detailed within this report describe:

- key risks internal audit considered were inadequately controlled by the framework in place;
- the actions management propose to undertake to bring the risks within acceptable parameters; and
- internal audit's assessment as to whether management's actions achieve an acceptable level of risk exposure.

Action plan 1			
<b>Objective</b>	Members have been given and attended relevant training on the new Code of Conduct		
<b>Observation</b>	Discussions with the Democratic Services Manager established that three training sessions were offered to the Members of the Council on the revised Members Code of Conduct which took effect from the 1 July 2012. Our audit testing confirmed that out of the 48 Members of the Council (who were all invited to attend training), 26 confirmed they will attend and only 22 attended. <b>Risk:</b> There is a risk that Members are not aware to the changes and requirements of the new and revised Code of Conduct implemented from the 1 July 2012.		
Management action			
What	Priority (High, Medium, Low)	Responsible officer	Target date

Refresh the powerpoint guidance and email to all members.	Medium	Richard Ivory	1 <sup>st</sup> August 2013
<b>Auditor's assessment of management response:</b>			
Management actions will assist in the mitigation of future risk.			

<b>Action plan 2</b>			
<b>Objective</b>	Members have completed a Declaration of Interest form with the latest up to date information.		
<b>Observation</b>	<p>The guidance for the completion of the "Declaration of Interest Form" states that "<b>none</b>" should be entered on that part of the form where there are no interests to be declared.</p> <p>Testing of the declaration of interests forms completed by the 48 members of the Council found that:</p> <ul style="list-style-type: none"> <li>- for five out of the 48 forms tested, parts of the form were left blank (none or n/a was not entered in the required boxes)</li> <li>- two out of the 48 forms were not signed and dated by the Member of the Council completing the form</li> </ul> <p><b>Risk:</b> If the form is left blank or not fully completed, it is not possible to determine if the member of the council completing the form has an interest to declare or the contrary.</p>		
<b>Management action</b>			
<b>What</b>	<b>Priority (High, Medium, Low)</b>	<b>Responsible officer</b>	<b>Target date</b>
An annual reminder is sent to all members indicating a need to keep their register up to date. An email will be sent indicating what needs to be included in order to make the register complete.	High	Sandra Coltman	1 <sup>st</sup> July 2013
<b>Auditor's assessment of management response:</b>			
Management actions will assist in the mitigation of future risk.			

<b>Action plan 3</b>			
<b>Objective</b>	Members have completed a Declaration of Interest form with the latest up to date information.		
<b>Observation</b>	We were advised by the Democratic Services Manager that in the new Member's Code of Conduct it is not compulsory for Members of the Council to declare any gifts and hospitality. As such, the authority does not maintain a record of the gifts and hospitality received by the Members of the Council. Although this is not a mandatory requirement, maintaining a record of the gifts and hospitality received by members ensures openness and transparency. <b>Risk:</b> Failure to be open and transparent may bring the Council into disrepute.		
<b>Management action</b>			
<b>What</b>	<b>Priority (High, Medium, Low)</b>	<b>Responsible officer</b>	<b>Target date</b>
Refer the matter to Governance Committee to consider whether the code needs revision.	Medium	Richard Ivory	1 <sup>st</sup> October 2013
<b>Auditor's assessment of management response:</b>			
We are satisfied that this will be referred to the Governance Committee, and will look at this area again in future audits.			

**Annex A****Key**

The following is the key to quantify observations identified in the audit:

**Assurance levels**

<b>Opinion</b>	Framework of governance, risk management and management control.
<b>Substantial assurance</b>	A sound framework in place that is operating effectively.
<b>Adequate assurance</b>	Basically a sound framework in place with possible opportunities to improve controls or some immaterial evidence of inconsistent application.
<b>Limited assurance</b>	Critical weakness (es) identified within the framework and / or significant evidence of inconsistent application.
<b>No assurance</b>	Fundamental weaknesses have been identified or the framework is ineffective or absent.

**Priority**

<b>Priority rating</b>	<b>Current risk</b>
<b>High</b>	A significant risk of; failure to achieve objectives; fraud or impropriety; system breakdown; loss; or qualification of the accounts by the organisation's external auditors. Such risk could lead to adverse impact on the organisation or expose the organisation to criticism.
<b>Medium</b>	A serious, but not immediate risk of: failure to achieve objectives; system breakdown; or loss.
<b>Low</b>	Areas that individually have no major impact, but where management would benefit from improved risk management and / or have the opportunity to achieve greater efficiency and / or effectiveness.