

Meeting of:	Standards Committee
Date of Meeting:	Thursday, 26 November 2020
Relevant Scrutiny Committee:	All Scrutiny Committees
Report Title:	Audit Review of Compliance to the Members' Code of Conduct
Purpose of Report:	To advise Committee of the findings of the audit review of compliance to the Members' Code of Conduct by Vale of Glamorgan Council Members
Report Owner:	Ms D Marles, Monitoring Officer / Head of Legal and Democratic
Responsible Officer:	Mrs K Bowen, Principal Democratic and Scrutiny Committee Services Officer
Elected Member and Officer Consultation:	This report does not involve any consultation with other parties
Policy Framework:	This is a matter for the Standards Committee
Executive Summary:	<p>An audit review of compliance to the Members' Code of Conduct was undertaken as part of the 2020/21 annual Internal Audit Plan.</p> <p>This report sets out the findings of the review.</p>

Recommendation

1. That the contents of the Internal Audit Report attached at Appendix A be noted.

Reason for Recommendation

1. Having regard to the information contained therein.

1. Background

- 1.1 Audit reviews of compliance to the Members' Code of Conduct are undertaken by the Regional Internal Audit Service as part of its work programme.
- 1.2 The scope and objectives of the Audit Report can be found at paragraphs 2.1 and 2.2 of the report.
- 1.3 There were no issues addressed during the audit that need addressing.
- 1.4 Paragraph 3.1 also refers to the strengths and areas of good practice identified as a result of the review.

2. Key Issues for Consideration

- 2.1 An audit review of compliance to the Members' Code of Conduct was undertaken as part of the 2020/21 annual Internal Audit Plan.
- 2.2 This report sets out the findings of the review and makes recommendations where it is felt that improvements in financial and non-financial administration could be made.
- 2.3 The Vale of Glamorgan has 47 members whose work is complex and challenging and the political, legislative and local landscape in which they work is changing constantly. Elected Members are therefore required to adhere to all aspects of the Members' Code of Conduct. Members were elected in 2107 for a five year period.
- 2.4 One recommendation is contained within the report on page 9 of the appendix ref 6.2.4 which is reported as being for advisory purposes and has been categorised as Merits Attention. No formal response to this recommendation is required and as a result it is not contained within the Management Implementation Plan.
- 2.5 The Audit Opinion concluded that the effectiveness of internal controls was considered to be sound and substantial assurance can therefore be placed upon the management of risks.
- 2.6 A representative of the Regional Internal Audit Service will also be present at the meeting to provide responses to any questions by members of the Standards Committee in respect of the review.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 The Standards Committee shall have the following roles and functions:

- (a) promoting and maintaining high standards of conduct by Councillors, Co-Opted Members and Church and Parent Governor representatives.
- (b) assisting Councillors, Co-Opted Members and Church and Parent Governor representatives to observe the Members' Code of Conduct.
- (c) advising the Council on the adoption or revision of the Members' Code of Conduct.
- (d) monitoring the operation of the Members' Code of Conduct.
- (e) advising, training or arranging to train Councillors, Co-Opted Members and Church and Parent Governor representatives on matters relating to the Members' Code of Conduct.
- (f) granting dispensations to Councillors, Co-Opted Members and Church and Parent Governor representatives from requirements relating to interests set out in the Members' Code of Conduct.

4. Resources and Legal Considerations

Financial

4.1 None as a direct result of this report.

Employment

4.2 None as a direct result of this report.

Legal (Including Equalities)

4.3 None as a direct result of this report.

5. Background Papers

Minutes of Council meetings are available on the Council's website regarding declarations of interest.



Confidential

Internal Audit Report

Authority

Directorate

Audit Title

Audit Year

Report Distributed To:	Debbie Marles – Monitoring Officer/Head of Legal & Democratic Services Jeff Rees – Operational Manager; Democratic Services	
Report Produced & Issued By :	Vicky Macey - Auditor Joan Davies - Audit Client Manager	
Report Dates	Draft: N/A	Final: 20 th October 2020
Audit Ref	AG1209	

1. Introduction

- 1.1. An audit review of compliance to the Members' Code of Conduct was undertaken as part of the 2020/21 annual Internal Audit Plan.
- 1.2. This report sets out the findings of the review and makes recommendations where it is felt that improvements in financial and non-financial administration could be made.
- 1.3. The Vale of Glamorgan has 47 members whose work is complex and challenging and the political, legislative and local landscape in which they work is changing constantly. Elected Members are therefore required to adhere to all aspects of the Members Code of Conduct. Members were elected in 2017 for a 5 year period.


2. Objectives & Scope of the Audit

- 2.1. The objectives of the audit were to identify the level of compliance by Members with the relevant sections of Code of Conduct for Members.
- 2.2. The scope of the audit was:
 - Review the guidance available to Members in relation to the Code of Conduct including Gifts and Hospitality and Declarations of Interest
 - Gauge Members awareness of it, through questionnaires
 - Undertake testing of Gifts and Hospitality Registers to confirm compliance with the Code of Conduct.
 - Undertake testing of Declarations of Interest and Dispensations to confirm compliance with the Code of Conduct.
 - Establish and review what arrangements are in place for monitoring both of the above.

3. Strengths & Areas for Improvement

- 3.1. During the audit a number of strengths and areas of good practice were identified as follows:
- The Membernet page on the intranet is available to all Members and contains key information and documents
 - Declarations of Interest are a standard item on all agendas, with information documented within the minutes which are then uploaded to the Vale of Glamorgan website.
 - Registers of Members Interests are completed and uploaded for members of the public to view.
 - Dispensations are taken to Standards Committee with decisions recorded within the minutes for each meeting held.
- 3.2. No key issues were identified during the audit which need addressing.
- 3.3 One recommendation is contained within the report which is for advisory purposes and has been categorised as Merits Attention. No formal response to these recommendations is required; hence they are not contained within the Management Implementation Plan.

4. Audit Opinion

<p>Based on an assessment of the strengths and weakness of the areas examined, and through testing it has been concluded that the effectiveness of the internal control environment is considered to be sound and therefore substantial assurance can be placed upon the management of risks. This overall opinion is supported by the identification of a well-controlled system where only minor recommendations may have been made where it is considered that the action required is desirable and should result in enhanced control or improved value for money.</p>	 Substantial Assurance
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5. Acknowledgement

- 5.1. A number of staff gave us their time and co-operation during the course of this review. We would like to record our thanks to all of the individuals concerned.
- 5.2. The work undertaken in performing this audit has been conducted in conformance with the Public Sector Internal Audit Standards.
- 5.3. The findings and conclusion contained within this report are based on testing a sample of transactions. Absolute assurance regarding the control environment cannot be provided given the limited time to review the

system. Responsibility for internal controls and the prevention and detection of fraud lies with management.

- 5.4.** Any enquires regarding the disclosure or re-issue of this document to third parties should be sent to the Head of Audit via cmthomas@valeofglamorgan.gov.uk

6. Findings & Recommendations

Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results.

The criticality of each recommendation is as follows:

Fundamental: Action that is considered imperative to ensure that the organisation is not exposed to high risks
Significant: Action that is considered necessary to avoid exposure to significant risks
Merits Attention: Action that is considered desirable and should result in enhanced control

6.1. Policies and Procedures

Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.1.1.	<p>Expected Control: Members are aware of the applicable policies and procedures.</p> <p>Possible Risk: <i>Policies and procedures are not adhered to.</i></p>	All new Members and re-elected Members were invited to attend a 'Market Place' event which was held in 2017 (after election); this enabled them to meet Officers and other Members as well as find out more about Council Services. This Market Place event also made Members aware of Membernet and provided them with details of the Member Induction and Training Schedule detailing all the mandatory and non-mandatory training available to them.	None	N/A
6.1.2.	<p>Expected Control: Members are aware of the Council Constitution and the section 'Code of Conduct for Members'.</p>	<p>Section 18 of the Council Constitution is the 'Code of Conduct for Members'.</p> <p>Members are made aware of this code through Membernet where there is a link to the Council Constitution and at a</p>	None	N/A

Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
	<p><u>Possible Risk:</u> <i>Members not aware of what is expected of them.</i></p>	<p>mandatory training session on 'Code of Conduct and Governance Arrangements'.</p> <p>Evidence was provided to demonstrate that the Code of Conduct was covered in a mandatory training session. The Member Induction is also available on Membernet for reference, and any late inductions for Members elected after the 2017 intake have also covered this training session.</p>		
6.1.3.	<p><u>Expected Control:</u> Members are made aware of the requirement to complete a Register of Business Interests.</p> <p><u>Possible Risk:</u> <i>Members have Interests that are not declared</i></p>	<p>The Code of Conduct for Members sets out in 18.3.1 that '<i>You must in all matters consider whether you have a personal interest, and whether this code of conduct requires you to disclose that interest</i>'.</p> <p>Members are required to complete a 'Register of Members' Interests' form and state 'none' if a section is not applicable to them.</p> <p>All of the declarations are made available for viewing by the public on the Council's website.</p> <p>Members are reminded annually by Democratic Services to review and update the Register of Business Interests accordingly. Evidence of this was obtained by the Auditor.</p> <p>An email and updated documentation were recently sent to all Members reminding them that in respect of paragraph 18.3.1(b)(ii) in the Council's Constitution which states "<i>that as a Member you must also have regard when declaring interests</i></p>	None	N/A

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Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
		<p><i>to any decisions not only affecting yourself but also of a person with whom you live, or any person with whom you have a close personal association”.</i></p> <p>Any updates or changes to their Register of Members Interests forms are to be completed on form (RMI2).</p>		
6.1.4.	<p>Expected Control: Members are made aware of the Council's Gift and Hospitality Policy.</p> <p>Possible Risk: <i>Members accepting gifts and hospitality in breach of te policy.</i></p>	<p>Section 18 of the Council Constitution the 'Code of Conduct for Members' covers Gifts and Hospitality. Section 18.2.10 stating '<i>You must avoid accepting from anyone gifts, hospitality (other than official hospitality, such as a civic reception or a working lunch duly authorised by your authority), material benefits or services for yourself or any person which might place you, or reasonably appear to place you, under an improper obligation</i>'.</p> <p>Section 18.4.3 covers the registration of gifts and hospitality stating '<i>You must, within twenty eight days of receiving any gift, hospitality, material benefit or advantage above a value specified in a resolution of your authority, provide written notification to your authority's Monitoring Officer, or in relation to a community council, to your authority's Proper Officer of the existence and nature of that gift, hospitality, material benefit or advantage.</i></p> <p>The Auditor obtained a file for Gifts and Hospitality relating to the Members to which none had been accepted since 2019. Members who had completed the questionnaires confirmed they understood the requirements but not received any gifts or hospitality.</p>	None	N/A

6.2. Declarations and Dispensations

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.2.1.	<p>Expected Control: Members have adhered to the requirement to complete a Register of Business Interests.</p> <p>Possible Risk: <i>Members have Interests that are not declared</i></p>	<p>A sample of 10 'Register of Members' Interests were examined of which 10/10 had completed and return the forms within 28 days of being elected. Of the 10 forms examined 7/10 had completed further updates of any changes in the appropriate RMI2 forms and these had been uploaded to the Vale of Glamorgan website.</p> <p>The Auditor also sent out a questionnaire to all 47 Members of which 10 were returned. 10/10 questionnaires completed evidenced that each individual had a good understanding of the requirements to complete Declarations of Interest, Registers of Members Interest and Dispensations and how to do so, along with a good understanding of the Code of Conduct.</p>	None	N/A
6.2.2.	<p>Expected Control: Members are aware of the requirement to complete a Dispensation and the process to do so.</p> <p>Possible Risk: <i>Members have the opportunity to speak or vote on matters which they should not</i></p>	<p>The Code of Conduct for Members sets out in 18.3.5 '<i>where you have a prejudicial interest in any business of your authority you must, unless you have obtained a dispensation from your authority's Standards Committee</i>'.</p> <p>Members are required to complete an Application for Dispensation Proforma (SC1) and submit this to the Standards Committee.</p> <p>For the period of 2019/20 a total of 17 dispensations were submitted and approved via the Standards Committee. The</p>	None	N/A

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Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
		<p>auditor examined these and evidenced that all had been completed correctly and submitted by the Monitoring Officer.</p> <p>The Auditor examined the dispensations for Members for the 2020 period via the Standards Committee minutes. A total of 4 dispensations were submitted. All dispensations were correctly completed. There is a standard agenda item within the Standards Committee minutes and the dispensation was considered by the Standards Committee with the decision recorded.</p>		
6.2.3.	<p>Expected Control: Members complete and update Registers of Interests accordingly</p> <p>Possible Risk: <i>Undisclosed interests which may cause conflict(s) and unfair advantage.</i></p>	<p>The Auditor examined the 10 Member's Register of Business Interests and checked declarations against records held at Companies House.</p> <p>10/10 were found to have submitted accurate information and no additional companies/ conflicts of interest were identified.</p> <p>As previously mentioned all 47 Members have also recently been reminded to take into consideration of any persons(s) they may live with and/ or have a close relationship to.</p>	None	N/A
6.2.4.	<p>Expected Control: Declarations of Interest are completed at all meetings by Members</p> <p>Possible Risk:</p>	<p>The Auditor examined a selection of minutes from 4 meetings held during 2020. A total of 48 declarations were made during these meetings.</p> <p>Members are required to declare any interests they have in any matters; declarations have to be completed in paper form</p>	Ensure all Declarations of Interests at meetings are made in the required paper form.	Merits Attention

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
	<i>Undisclosed interests which may cause conflict and unfair advantage</i>	<p>which are then filed by Democratic Services and a note of this is documented within the minutes.</p> <p>Copies of 45/48 paper declarations were obtained with the remaining 3 provided upon request from Democratic Services. 48/48 declarations were recorded within the minutes examined and posted on the VOG website.</p> <p>Declarations of interest were a standard agenda item within all minutes examined and all actions recorded.</p>		
6.2.5.	<p><u>Expected Control:</u> Members have completed sufficient training to assist with their role.</p> <p><u>Possible Risk:</u> <i>Insufficient training may restrict members within their role.</i></p>	<p>The Auditor obtained a spreadsheet documenting each Members' training record for 2019/20 along with a link to all training material covered which is located within the 'Membernet' section of the intranet.</p> <p>The spreadsheet contained 47 tabs for each Member and showed each training session attended.</p> <p>A total of 89 training sessions had been completed by the 47 Members during 2019/20.</p>	None	N/A
6.2.6.	<p><u>Expected Control:</u> That robust measures are in place with the Monitoring Officer for all declarations required.</p>	<p>Whilst the onus is on each individual Member to complete and update all forms of declarations, throughout all of the testing undertaken it was evident that the Monitoring Officer checks, questions and completes all relevant paperwork with regards to declarations and gifts and hospitality. Records of these are held on the VOG website, electronically and in hard copy.</p>	None	N/A

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Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
	<p><u>Possible Risk:</u> <i>Undisclosed interests which may cause conflict and unfair advantage</i></p>	<p>All declarations examined were in line with the Code of Conduct, correctly completed, and issued on the Vale of Glamorgan's website (where applicable).</p> <p>The Auditor saw that any declarations that are not completed correctly are returned to the individuals and not processed further until correct.</p>		

Management Implementation Plan Category Code Key

Category Code	Category Description	Category Code	Category Description
A	Accomplishment of objectives	S	Safeguarding of assets
C	Compliance	X	Governance
R	Reliability and integrity of information	Y	Corporate impact
E	Value for money	Z	Self-audit

Audit Assurance Category Code Key

The objective of an audit is to evaluate the system with a view to delivering reasonable assurance as to the adequacy of the application of the internal control system. The control system is put in place to ensure that risks to the achievement of the Authority's objectives are managed effectively.

Based upon the recommendations made, the categorisation of them and the areas that they relate to, an overall conclusion as to the level of assurance that can be provided will be given, as below:

Substantial Assurance

- Key controls exist and are applied consistently and effectively; and,
- Objectives are being achieved efficiently, effectively and economically (VFM).

Reasonable Assurance (some risk of loss, fraud, impropriety, or damage to reputation)

- Key controls exist but there may be some inconsistency in application;
- Compensating controls operating effectively; and,
- Objectives achieved after a fashion, e.g. VFM could be improved.

Limited Assurance (a high risk of loss, fraud, impropriety, or damage to reputation)

- Key controls exist but they are not applied, or significant evidence that they are not applied consistently and effectively; and,
- Objectives are not being met, or are being met without achieving VFM.

No Assurance (a very high risk of loss, fraud, impropriety, or damage to reputation)

- Key controls do not exist; and,
- Objectives are either not met, or are met without achieving VFM.