

<b>4 March 2010</b>		<b>ITEM 6</b>
<b>Standards Committee</b>		
<b>ETHICAL GOVERNANCE AUDIT</b>		
<b>Portfolio Holder:</b> Councillor R Gledhill, Corporate Governance & Organisational Development		
<b>Wards and communities affected:</b> None	<b>Key Decision:</b> No	
<b>Accountable Head of Service:</b> Tasnim Shawkat, Head of Legal Services and Monitoring Officer		
<b>Accountable Director:</b> Richard Szadziewski, Interim Director for Finance and Governance		
<b>This report is Public</b>		
<b>Purpose of Report:</b> To advise Members of the Committee about an Ethical Governance Audit, which will be undertaken in partnership with the Audit Commission and IDEa.		

Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the date of the meeting (in font 16, not capitals)

Comment [s]: Please leave this for completion by Democratic Services

Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the name of the Committee you are reporting to (in font 16, not capitals)

Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the name of the Committee you are reporting to (in font 16, not capitals)

Comment [s]: Please state the name of the Cabinet Member and the Portfolio to which the report refers

Comment [s]: Please enter details of any Wards and Communities affected by the report. If this section is not

Comment [s]: Yes/No/Not Applicable – a 'Key Decision' is generally one affecting more than 3 wards or above £50,000

Comment [sj]: Please state the Head of Service's name and job title

Comment [sj]: Please state Director's name and job title

Comment [sj]: State whether your report is Public or Exempt. If Exempt (i.e. not to be given to the public or discussed in

Comment [sj]: Briefly set out the purpose of your report

Comment [sj]: Please provide a summary of the key points in your report

Comment [s]: The recommendations should be set out in bold in the form of the decision that the decision

**EXECUTIVE SUMMARY**

The Monitoring Officer would recommend that an audit should be undertaken of the Council's ethical standards through the use of the Audit Commission's Ethical Governance Diagnostic Tool as detailed in Ethical Audit Flyer in Appendix 1. This audit has been included in the external audit plan, which was submitted to the Audit Committee recently.

The proposed audit would enable the Council to have an independent assessment of the arrangements in place for ethical governance and could enable the Council to reach the highest standards required.

**1. RECOMMENDATIONS:**

- 1.1 The Standards Committee is requested to note that an ethical governance audit will be undertaken using the diagnostic tool prepared by the Audit Commission in the new financial year 2010/11.
- 1.2 The Standards Committee is requested to comment on any aspect of the proposed audit and make suggestions for the areas to be covered in the audit.

**2. INTRODUCTION AND BACKGROUND:**

2.1 It is proposed that the Audit Commission undertake an audit of the Council's ethical governance framework in the next financial year.

2.2 The Audit Commission Tool called the *Ethical Governance Diagnostic – improving your authority's arrangement* aims to assess how far the authority is:

- supporting the genuine motivation of members while ensuring that those who do breach the rules are challenged
- monitoring, developing and promoting the authority's approach to the ethical agenda and how far this is delivering improvement
- encouraging good conduct in the authority, including in relation to the equalities and diversity agenda
- ensuring transparency in the way the authority carries out its business

2.3 The diagnostic has three parts:

- audit of compliance with the Code of Conduct and how arrangements are developing
- survey of members and officers including awareness and understanding of ethical behaviour
- workshops with members and officers exploring ethical governance issues, conflicts of interest and equality issues

These can be delivered either by the Audit Commission or by IDeA. Audit Commission or IDeA staff work with individual local authorities to tailor each audit to meet their particular needs.

2.4 Throughout the work there is a strong focus on improvement. The main elements of the toolkit are:

- A documents review
- A self-assessment by Monitoring Officer
- Survey for Members and officers
- Focus groups and workshops scenarios to use after the analysis to help develop the understanding and approach of Members and officers

2.5 At the end of the audit a report will be prepared with recommendations. This will be presented to the Standards Committee with an action plan.

**Comment [s]:** You should briefly explain why the report is on the agenda - See para. 5.3 and 5.4 of the report writing guidelines.

**Comment [A]:** Also includes interviews with key officers and members

**Comment [A]:** 2.3 and 2.4 are very similar

**3. [ISSUES AND/OR OPTIONS:]**

- 3.1 The Monitoring Officer would recommend that this audit is undertaken to identify areas of good practice, something the Council can be proud of and also to identify areas for improvement.
- 3.2 The Council already has a good basis on which to build further on improving standards of conduct. For example
- The Standards Committee has 50% independent members whereas the requirement is to have at least 25%
  - The Committee has an independent Chair
  - The Standards Committee and the Monitoring Officer has a high profile in the Council
  - 
  - The Chair of the Standards Committee is leading the Constitution Working Group in reviewing the Constitution
  - The Chair and the Monitoring Officer has regular meetings with Group Leaders and Members who are key office holders
  - The Standards Committee has the overview of the Council's ethical governance framework
  - The Monitoring Officer leads the work programme of the Standards Committee and supports the Committee
  - The Council maintains a register of interests and gifts and hospitality
  - Standards Committee work programme includes regular reviews of the registers
  - The Committee has a robust process for dealing with complaints against Members, undertaking investigations when necessary and it has built its capacity through training, which will be kept up to date
  - The Monitoring Officer has regular one to one meetings with the Chief Executive where standards and conduct issues re discussed.
  - Any conduct issues are dealt with robustly by the Chief Executive, s151 Officer and Monitoring Officer and referrals are made to the Standards Committee if appropriate.
  - The Chief Executive and the Leader promote the ethical agenda through the provision of legal advice and advice from the section 151 Officer in decision making.
- 3.3 However, the Council can always attempt to improve further. If the proposed audit were to be undertaken then the council would have an independent assessment of Members' and officers' understanding of the requirements of the codes and levels of compliance with the code of conduct.
- 3.4 The audit would review the arrangements for monitoring and regulating the standards of Member conduct and make recommendations on developing a deeper understanding and approach to ethical governance in the Council.

Comment [s]: Other headings may be appropriate. The report should outline the reasoning that leads to its recommendations and **must** include:

1. a brief summary of options considered;
2. consultation outcomes
3. a risk assessment.
4. Whether the responsible cabinet members have been consulted/contributed to the report (NB professional and political advice must be clearly distinguished)

- See para.5.5 of the report writing guidelines.

3.5 Most significantly it is suggested that the process of the audit itself would significantly raise the awareness and importance of our ethical framework within the organisation and the community.

4. **CONSULTATION (including Overview and Scrutiny, if applicable)**

4.1 The Chief Executive and the Interim Director of Finance and Governance have been consulted and supports this audit.

5. **IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

5.1 None directly but indirectly the proposal in this report supports the corporate priorities and the Improvement Programme.

6. **IMPLICATIONS**

6.1 **Financial**

Implications verified by: **Sean Clarke**  
Telephone and email: **sclark@thurrock.gov.uk**

The proposed audit is already included in the external audit plan for next financial year and will be covered by the annual fees. Therefore there are no additional financial implications for this report.

6.2 **Legal**

Implications verified by: **Tasnim Shawkat**  
Telephone and email: **01375 652442**  
**tshawkat@thurrock.gov.uk**

Local authorities have a duty to take responsibility for their own standards; adopt a Code of Conduct for their members; and promote and maintain ethical standards across the authority. Failure to live up to the requirements of the law can lead to individual members being investigated by their local authority or by the Standards Committee and possible disqualification of the member. This can damage the reputation of the member and the local authority, not only with the public but also with partners.

The Standards Committee is responsible for ensuring that the Council and its Members meet the high standards of probity and conduct required by legislation and expected by the residents of the Council.

**Comment [j]:** This should include any consultation with Ward Members and Shadow Portfolio Holders, as well as any public or statutory consultation

**Comment [a]:** Please refer to Section 5.7 of the Report Writing Guidelines

**Comment [sj]:** This section should always be completed – if they are dealt with fully in another part of the report, they also need a brief cross reference here. The names and job titles of the officers providing the implications should be provided in full – see Guideline 6.1 and please note Democratic Services Deadlines and ensure that officers providing implications are given 5 clear working days to work on the report. Authors can write implications but they must be signed off by the appropriate officers

**Comment [sj]:** See Guideline 6.2

**Comment [sj]:** See Guideline 6.3

6.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**  
Telephone and email: **01375 652472**  
**ddealyn@thurrock.gov.uk**

There are no diversity implications in this report.

6.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

None.

7. **CONCLUSION**

7.1 The Monitoring Officer would recommend that an audit should be undertaken of the Council's ethical standards through the use of the Audit Commission's Ethical Governance Diagnostic Tool. The proposed audit would enable the Council to have an independent assessment of the arrangements in place for ethical governance and **could** enable the Council to reach the highest standards required.

Comment [sj]: See Guideline 6.4

Comment [sj]: This should inform the recommendations in the report

Comment [A]: Will indicate areas of improvement for the council

Comment [sj]: See Guideline 8. If any Papers are to be placed in the Members room that relate to this report, you should also list them here

Comment [sj]: List the Appendices referred to in the Report

Comment [sj]: Insert the full contact details of the author of the report

**BACKGROUND PAPERS USED IN PREPARING THIS REPORT:**

- None

**APPENDICES TO THIS REPORT:**

- Appendix 1

**Report Author Contact Details:**

**Name:** Tasnim Shawkat  
**Telephone:** 01375 652442  
**E-mail:** tshawkat@thurrock.gov.uk