

# AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

13 January 2020

## Audit – Declarations of Interest – Update

<b>Final Decision-Maker</b>	Audit, Governance & Standards Committee
<b>Lead Head of Service</b>	Patricia Narebor – Head of Mid Kent Legal Partnership
<b>Lead Officer and Report Author</b>	Patricia Narebor – Head of Mid Kent Legal Partnership
<b>Classification</b>	Public
<b>Wards affected</b>	N/A

### Executive Summary

Mid Kent Audit Service undertook an audit into declarations of interest and the findings were outlined in the final report released in March 2019. The report provides an update on the action plan arising from the recommendations of the audit exercise relating to member and officer declarations of interests including related party transactions and member and officer gifts and hospitality.

### Purpose of Report

Noting

### This report makes the following recommendations to this Committee:

That the actions implemented to address the recommendations of the audit exercise relating to member and officer declarations of interest be noted.

### Timetable

<b>Meeting</b>	<b>Date</b>
Audit, Governance & Standards Committee	13 January 2020

## Audit – Declarations of Interest – Update

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The recommendation and the agreed action plans will contribute to the Council achieving the strategic plan objective of a “thriving place” by ensuring that the Council’s Constitutional requirements are administered and adhered to for the proper administration of the Council and to address risks which may arise.	Patricia Narebor Head of Mid Kent Legal Partnership
<b>Cross Cutting Objectives</b>	We do not expect the recommendations will directly impact the Council’s cross cutting objectives	Patricia Narebor Head of Mid Kent Legal Partnership
<b>Risk Management</b>	The report introduces no risks that require separate description in the Council’s risk registers, nor materially impacts any currently described.	Jen Warrillow Audit Manager
<b>Financial</b>	The proposals have no direct financial implications. The work of the Audit Governance and Standards Committee contributes towards strong financial governance in the Council.	Section 151 Officer & Finance Team
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	Patricia Narebor Head of Mid Kent Legal Partnership
<b>Legal</b>	The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This report is part of those arrangements and is designed to ensure that the appropriate controls are effective.	Patricia Narebor Head of Mid Kent Legal Partnership
<b>Privacy and Data Protection</b>	There are no privacy and data protection implications with this proposal.	Policy and Information Team
<b>Equalities</b>	This report does not describe circumstances which require an Equality Impact Needs Assessment.	Equalities and Corporate Policy Officer

<b>Public Health</b>	This report does not impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	There are no crime and disorder implications for this report.	Patricia Narebor Head of Mid Kent Legal Partnership
<b>Procurement</b>	There are no procurement implications for this report.	Patricia Narebor Head of Mid Kent Legal Partnership

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Audit, Governance & Standards Committee is required to monitor audit activity (internal and external), review and comment on the effectiveness of the Council's regulatory framework and review and approve the Council's annual statements of accounts and scrutinise associated strategy and policy. This report provides an update on the implementation of the recommended actions arising from the audit exercise undertaken in relation to member and officer declarations of interest. A summary of the audit findings was provided at the Audit, Governance and Standards Committee meeting on 30 July 2019.
- 2.2 The audit focused on the following declarations and concluded that some areas had a weak audit rating:
- 2.3 **Members Declaration of Interest** - The audit testing established that the processes in place in relation to Member declarations of interest, Member Related Party Transactions and Officer and Member Gifts and Hospitality are generally effective, with some areas of minor improvement. This includes some Member failure to return completed disclosable pecuniary interests forms within the statutory deadline.
- 2.4 **Officer Declarations of Interests** – The audit testing established that all new employees are asked to submit their declaration of interests to HR as part of the corporate induction processes and these forms are stored on the employee's personnel file. However, the forms are not reviewed by line managers or the Council's monitoring officer. Additionally, there is no effective declaration of interest process in place for existing Council employees.
- 2.5 The following action plans were recommended and implemented by

### **MEMBERS:**

**Recommendation 1: Members Declaration of Interests - to collect and publish all Member declarations of interest on the Council's website, and introduce an escalation process for outstanding forms.**

To address member failure to return declarations, Members were required to update their declarations. An escalation process of informing political party group leaders (for outstanding forms) was introduced and implemented. As at November 2019, all Members of the Borough Council had updated their declarations of interest and the online members' register of interests updated.

**Recommendation 3: Members Related-Party Transactions – Introduce an escalation process for outstanding related party transaction forms.**

Further follow up work was undertaken together with escalation to group leaders. There has been a significant increase in the number of related party transaction forms which have now been received. A guidance note has been prepared to update Members that the completed related party transaction form must be returned by the end of each April in relation to declarations for the preceding financial year to enable this element to be considered as part of the audit exercise.

**Recommendation 4: Member Gifts and Hospitality declarations –**  
The audit exercise established that no members have declared gifts or hospitality since May 2018

It was recommended that a process whereby Members receive periodic reminders of their obligation to declare all gifts and hospitality in excess of £100 be introduced.

A guidance note was circulated to all Members together with reminders to the group leaders regarding Members' obligations.

## **OFFICERS**

**Recommendation 2: Officer Declarations of Interests** - The audit exercise established that there was no evidence of declarations of interests for officers being routinely collected or subject to review.

It was recommended that the responsibility for management and oversight of officer declarations of interest be reviewed. Introduce and embed a process for collecting and reviewing officer declarations (including shared service officers) periodically as required by the Constitution.

Guidance was issued to all officers explaining the process for declaring interests. Officers will be required to return their declarations on a bi-annual basis. With a view to embedding the system, an online return process is being arranged to enable forms to be completed electronically.

**Recommendation 5: Officer Gifts and Hospitality declarations** - The audit exercise established that inconsistent formatting and recording between directorate leads to discrepancies in the nature and detail of recording.

It was recommended that the officer gifts and hospitality registers be standardised to ensure consistency of declarations. Further a register be introduced to cover shared service officers.

A guidance note and standard notification form has been prepared. The wider leadership team of managers have been updated. HR created a team workshop tool to highlight the requirement for all teams to address officer declarations and gifts and hospitality in line with the revised arrangement.

The data base record for officer gifts and hospitality and officer declarations of interest has also been updated to enable regular review exercises to be undertaken in line with **Recommendation 6**

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### **3. AVAILABLE OPTIONS**

- 3.1 The recommendations arising from the audit exercise have been implemented. Therefore no other alternative options can be recommended.
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### **4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 This report provides the Council with assurance that declarations of interests by Members and officers are appropriately addressed and reviewed.
- 4.2 The recommendation is for the Committee to note the actions implemented to address the recommendations of the audit exercise.
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### **5 RISK**

- 5.1 This report has no risk management implications.
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### **6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 This report was compiled through earlier consultation between Officers.
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### **7 REPORT APPENDICES**

None

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### **8 BACKGROUND PAPERS**

None