

Audit and Inspection Plan

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# **Audit and Inspection Plan**

**Salisbury District Council**

**Audit 2006/2007**

<b>Document Control</b>	
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## Introduction

- 1 This plan sets out the audit and inspection work that we propose to undertake in 2006/07. The plan has been drawn up from our risk-based approach to audit planning and reflects:
  - the Code of Audit Practice;
  - Audit and inspection work specified by the Audit Commission for 2006/07;
  - your local risks and improvement priorities; and
  - current national risks relevant to your local circumstances.
- 2 Your relationship manager will continue to help ensure further integration and co-ordination with the work of other inspectorates.

## Our responsibilities

- 3 In carrying out our audit and inspection duties we have to comply with the statutory requirements governing them, and in particular:
  - the Audit Commission Act 1998;
  - the Code of Audit Practice (the Code) with regard to audit; and
  - the Local Government Act 1999 with regard to best value inspection and audit.
- 4 The Code defines auditors' responsibilities in relation to:
  - The financial statements of audited bodies; and
  - Audited bodies' arrangements for securing economy, efficiency and effectiveness in their use of resources. Auditors are now required to draw a positive conclusion regarding the Council's arrangements for ensuring value for money in its use of resources. We will give the first such conclusion by 30 September this year as part of the 2005/06 audit.

## The fee

- 5 For 2006/07 the Audit Commission has changed its fee scale structure and details are set out in the Commission's Work Programme and Fee scales 2006/07. Audit fees are based on a number of variables, including the type, size, location and complexity of the audited body and the national and local risks.
- 6 Inspection fees are based on the actual number of days included in the plan for each programmed activity.
- 7 The total fee estimate for the audit work planned for 2006/07 is £91,404 and the total fee estimate for inspection work planned for 2006/07 is £5,740. This compares with a total audit and inspection fee of £90,387 in 2005/06.
- 8 The main reasons for the increase in fee from 2005/06 are:
  - the continuing impact of the new ISA provisions on our opinion audit; and
  - additional time for DOT work and follow up of Customer Focus inspection.
- 9 In addition we estimate that we will charge approximately £28,455 for the certification of claims and returns. Further details are provided in paragraph 34 and in Appendix 1.
- 10 The audit and inspection fees include all work identified in this plan unless specifically excluded. Further details are provided in Appendix 1 which includes specific audit risk factors, the assumptions made when determining the audit fee, specific actions Salisbury District Council could take to reduce its audit fees and the process for agreeing any additional fees.
- 11 Changes to the plan and the fee may be necessary if our audit risk assessment changes during the course of the audit. This is particularly relevant to work related to:
  - the opinion on the 2006/07 accounts since we have yet to audit the accounts for 2005/06 and detailed financial reporting requirements for 2006/07 are not yet known; and
  - work on selected performance indicators, since we have yet to assess your overall arrangements for securing the quality of this data and then to undertake a formal risk assessment.
- 12 We will formally advise you if any changes to the fee become necessary.

## CPA and inspections

- 13 The CPA framework for District Councils from 2006 is currently subject to consultation. It is expected that the proposed methodology will be published by April 2006 and that the opportunity for re-categorisation will be available for some councils during 2006/07.
- 14 If the new methodology identifies the need or opportunity for a revised corporate assessment for Salisbury, we will discuss an amendment to this plan and agree an additional fee for completion of the work.
- 15 Following the Council's classification as a good council in May 2004 we have applied the principles of strategic regulation recognising the key strengths in Salisbury's performance. These include:
- Progress in implementing key improvement priorities, such as customer focus
  - Significant improvement in achieving development control targets; and
  - Further development and strengthening of governance arrangements.
- 16 As a consequence our inspection activity will focus on the following:

**Table 1 Summary of inspection activity**

Inspection activity	Reason/impact
Relationship Manager role	To act as the Commission's primary point with the authority and the interface at the local level between the Commission and the other inspectorates, Government Offices and other key stakeholders.
Direction of Travel review	To provide focus for continuous improvement.
Customer Focus inspection follow-up	To assess the Council's progress in implementing the recommendations arising from our Customer Focus inspection completed in October 2005.

## Summary of key audit risks

- 17 This section summarises our assessment and the planned response to the key audit risks which may have an impact on our objectives to:
- provide an opinion on your financial statements;
  - provide a conclusion on your use of resources;
  - provide a scored judgment on the use of resources to feed into the CPA process;
  - undertake audit work in relation to specified performance indicators to support the service assessment element of CPA; and
  - provide a report on the Council's best value performance plan (BVPP).
- 18 In assessing risk we have considered the issues arising from our on-going 2005/06 audit and inspection work, reviewed comparative information and discussed risks with officers.
- 19 Our planned work takes into account information from other regulators, where available. Where risks are identified that are not mitigated by information from other regulators, or your own risk management processes, including Internal Audit, we will perform work as appropriate to enable us to provide a conclusion on your arrangements.

## Value for money conclusion

- 20 The Code of Audit Practice requires us to issue a conclusion on whether you have proper arrangements in place for securing economy, efficiency and effectiveness in the use of your resources (the value for money conclusion). The Audit Commission has developed relevant criteria for auditors to apply in reaching our value for money conclusion as required under the Code of Audit Practice. These criteria are listed in Appendix 2. In meeting this responsibility, we will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. We will give the first such conclusion by the end of September 2006 as part our audit of the 2005/06 accounts. This may influence our risk assessment for similar work to be carried out as part of the 2006/07 and we will keep you informed of any changes to this plan that may become necessary.

## Use of resources judgement

- 21 Over and above the Code requirements described above, the Audit Commission requires auditors to make more qualitative assessments of the effectiveness of those arrangements in the form of a series of use of resources judgements. The key lines of enquiry (KLOEs) issued in June 2005 will be updated in Spring 2006 to reflect the lessons learned from the first year's experiences of applying the KLOEs, following a post implementation review of the assessment. Our fee

estimate 2006/07 assumes that the KLOEs will be broadly similar to those used in 2005/06. If this changes we will discuss with you the implications, including any impact on the fee.

- 22 These judgements may also be used by the Commission as the basis for its overall use of resources judgement.
- 23 Using our cumulative knowledge and experience, including the results of previous work and other regulators' work, we have identified the following areas of audit risk to be addressed.

**Table 2 Summary of use of resources audit risks**

Audit risk	Response
<p><b>Large Scale Voluntary Transfer (LSVT)</b> The Council has completed its stock option appraisal and will be balloting its tenants later in the year. This may raise issues around process and legality.</p>	<p>We will continue to monitor the processes being followed.</p>
<p><b>Office centralisation project</b> The Council has carried out an appraisal for the centralisation of its offices, including affordability and value for money. The implementation phase will begin shortly and may raise financial management issues.</p>	<p>Through our discussions with officers we will monitor progress on this key project.</p>

## Performance information

- 24 In 2006/07, auditors are required to undertake audit work in relation to specified performance indicators to support the service assessment element of CPA, subject to the basis of the agreed methodology. This work will be risk based and will link at least in part to our review of the Council's overall arrangements to secure data quality (as required for our value for money conclusion). Our fee estimate includes an element for this work on the basis that we will assess Salisbury District Council as medium risk in relation to its performance indicators.
- 25 This risk assessment may change depending on our assessment of your overall arrangements. When we have finalised our risk assessment we will update our plan including any impact on the fee.



## Best value performance plan

- 26 We are required to report on whether or not you have complied with legislation and statutory guidance in respect of the preparation and publication of your Best Value Performance Plan (BVPP).

## Financial statements

- 27 We will carry out our audit of the 2006/07 financial statements and follow the International Standards on Auditing (UK & Ireland).
- 28 We are also required to review whether the Statement on Internal Control has been presented in accordance with relevant requirements and to report if it does not meet these requirements or if the statement is misleading or inconsistent with our knowledge of the Authority.
- 29 On the basis of our preliminary work to date we have identified the following audit risks.

**Table 3 Summary of Opinion risks**

Opinion risks	Response
<p><b>Disclosure</b></p> <p>The 2006 statement of recommended practice for local authority accounts proposes some significant changes affecting the accounts in 2006/07 including, changing arrangements for assets and replacing the consolidated revenue account with an income and expenditure account that would only include operational income and expenditure.</p>	<p>We will again work with officers to ensure requirements are met.</p>
<p><b>International Standards on Auditing</b></p> <p>The new International Standards on Auditing requires that auditors understand the information systems, including the related business processes, relevant to financial reporting.</p>	<p>We will continue to work with officers to identify all material systems and liaise with your internal audit function where possible to document and test the controls in place. As part of this process we will seek to develop a joint working agreement with internal audit.</p>

- 30 Our fee estimate for 2006/07 is based on the assumption that the current standard of working papers will be improved and that internal audit will complete their planned work on key information systems to the agreed quality and by the agreed date and that the accounts will be prepared and fully supported by working papers in accordance with the agreed timetable.

- 31 We have yet to undertake the audit of the 2005/06 financial statements and our 2006/07 financial statements audit planning will continue as the year progresses. This will take account of:
- the 2005/06 opinion audit;
  - our documentation and initial testing of material information systems;
  - our assessment of the 2006/07 closedown arrangements; and
  - any changes in financial reporting requirements.
- 32 When we have finalised our risk assessment in respect of your financial statements, we will update our plan in advance of the audit detailing our specific approach, including any impact on the fee quoted above.

### **Whole of government accounts**

- 33 The government is introducing whole of government accounts (WGA) in order to produce consolidated accounts for the whole public sector. WGA will include the accounts of local authorities and WGA data returns will be required to be audited. The Audit Commission is currently discussing the scope of the likely audit work with the NAO and other stakeholders. The fee for this work is not included in this plan and we will discuss this with the Head of Financial Services when further details are available.

## Claims and returns certification

- 34 We will continue to certify the Council's claims and returns.
- Claims for £50,000 or below will not be subject to certification.
  - Claims between £50,001 and £100,000 will be subject to a reduced, light touch, certification audit.
  - Claims over £100,000 have an audit approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced audit approach for these claims.
- 35 Charges for this work are based on skill-related fees scales set out in the Audit Commission's work programme and fee scales 2006/07. Based on this, and on the assumption that the level of grant work will remain unchanged, we estimate that the fees for grant certification work will be around £28,500.

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## Voluntary improvement work

- 36 Good governance arrangements are a key part of the CPA process. The effective operation of governance arrangements provides a sound basis for community leadership and is a key challenge for councils. Salisbury has reviewed its governance arrangements and the responsibility for ensuring that they are operating effectively in practice rests with the Audit Committee. However, there is currently no mechanism in place for assessing their effectiveness.
- 37 We can provide support in this area by working with members and officers to assess the effectiveness of the Council's arrangements. To assist the Council in this area we have prepared a project brief 'Ethical Governance and Standards'. This will be discussed with members of the Audit Committee.

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## Other information

### Outputs from the audit and inspection plan

- 38 The expected outputs from our planned audit and inspection work are listed in Appendix 3.

### The team

**Table 4**

<b>Name</b>	<b>Title</b>
Melanie Watson	Relationship Manager
Brian Bethell	Appointed Auditor
Peter Brown	Audit Manager
Phil Suter	Local Performance Lead
Jason Lee	Audit Team Leader

- 39 We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing and ethical standards.
- 40 We comply with the ethical standards promulgated by the Auditing Practices Board and with the Commission's requirements in respect of independence and objectivity as set out at Appendix 4.

## Future audit plans

- 41 As part of our planning process, we will take the opportunity to look at potential issues for future years' programmes. We will discuss these in more detail as the audit year progresses.

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## Appendix 1 - Audit and inspection fee

**Table 5**

<b>Fee estimate</b>	<b>Plan 2006/07</b>	<b>Plan 2005/06</b>
<b>Audit</b>		
Accounts	64,970	55,303
Use of resources	26,434	31,367
Total audit fee	91,404	86,670
<b>Inspection</b>		
Relationship management	5,740	3,716
Service inspection	Nil	Nil
Corporate inspection	Nil	Nil
Total inspection fee	5,740	3,716
<b>Total audit and inspection fee</b>	<b>97,144</b>	<b>90,386</b>
Certification of claims and returns	28,500	28,060
Voluntary improvement work	Nil	3,800

- 1 The total audit fee compared to the indicative fee banding equates to 16 per cent below mid-point.
- 2 The fee (plus VAT) will be charged in 12 equal instalments from April 2006 to March 2007.
- 3 The fee above includes all work contained in this plan except:
  - any work required in relation to the Whole of Government Accounts (discussed in paragraph 32);
  - any specific work required for CPA in 2006/07;
  - the National Fraud Initiative work undertaken every two years across the public sector; and
  - assurance from the auditor of the Wiltshire Pension Fund in respect of FRS17 disclosures.

## Specific audit risk factors

- 4 In setting the audit fee we have taken account of the following specific risk factors:
- The need to continue to monitor progress on LSVT and the office accommodation project; and
  - The proposed accounting changes resulting from the 2006 SORP.

## Assumptions

- 5 In setting the audit fee we have assumed:
- you will inform us of significant developments impacting on our audit;
  - Internal Audit meets the appropriate professional standards;
  - Internal Audit undertakes appropriate work on all material information systems that provide figures in the financial statements sufficient that we can place reliance for the purposes of our audit recognising the shift in requirements introduced by the International Standards on Auditing (ISA);
  - officers will provide good quality working papers and records to support the financial statements by 30 June 2007; including detailed analytical review working papers (the amount of audit work required on the 2006/07 accounts will depend in part on the issues arising from the audit of the 2005/06 accounts).
  - officers will provide requested information within agreed timescales;
  - officers will provide prompt responses to draft reports; and
  - your Performance Indicators will be adequately prepared and reviewed.
- 6 The key lines of enquiry (KLOEs) issued in June 2005 will be updated in Spring 2006 to reflect the lessons learned from the first year's experiences of applying the KLOEs, following a post implementation review of the assessment.
- 7 Where these requirements are not met or our assumptions change, we will be required to undertake additional work which is likely to result in an increased audit fee.
- 8 Changes to the plan will be agreed with you. These may be required if:
- new risks emerge;
  - additional work is required of us by the Audit Commission or other regulators; and
  - there are any changes to financial reporting requirement, professional auditing standards or legislation which results in additional work.



## **Specific actions Salisbury District Council could take to reduce its audit fees**

- 9 The Audit Commission requires its auditors to inform a council of specific actions it could take to reduce its audit fees. Good working practices and effective liaison arrangements have operated at Salisbury for a number of years and we will continue to work with officers to explore new opportunities. This year we will look specifically at the work we carry out to certify the housing benefit claim.

## **Process for agreeing any changes in audit fees**

- 10 If we need to amend the audit or inspection fees during the course of this plan we will firstly discuss this with the Chief Executive and Head of Financial Services. We will then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

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## **Appendix 2 – Criteria to inform the auditor’s conclusion on proper arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Arrangements for establishing strategic and operational objectives**

- 1 The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.

### **Arrangements for ensuring that services meet the needs of users & taxpayers, and for engaging with the wider community**

- 2 The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.

### **Arrangements for monitoring and reviewing performance, including arrangements to ensure data quality**

- 3 The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.
- 4 The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.

### **Arrangements for ensuring compliance with established policies, procedures, laws and regulations**

- 5 The body has put in place arrangements to maintain a sound system of internal control.

### **Arrangements for identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and joint working**

- 6 The body has put in place arrangements to manage its significant business risks.

**Arrangements for ensuring compliance with the general duty of best value**

- 7 The body has put in place arrangements to manage and improve value for money.

**Arrangements for managing its financial and other resources, including arrangements to safeguard the financial standing of the audited body**

- 8 The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.
- 9 The body has put in place arrangements to ensure that its spending matches its available resources.
- 10 The body has put in place arrangements for managing performance against budgets.
- 11 The body has put in place arrangements for the management of its asset base.

**Arrangements for ensuring that the audited body’s affairs are managed in accordance with proper standards of conduct, and to prevent and detect fraud & corruption**

- 12 The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.

## Appendix 3 – Planned outputs

- 1 Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

**Table 6**

<b>Planned output</b>	<b>Start date</b>	<b>Draft due date</b>	<b>Key contact</b>
Audit and Inspection Plan*	February 2006	May 2006	Audit Manager
BVPP opinion and PI audit memorandum	July 2006	September 2006	Audit Manager
Report on financial statements to those charged with governance (ISA 260)	July 2007	September 2007	Audit Manager
Opinion on financial statements	July 2007	September 2007	District Auditor
VFM conclusion	April 2007	September 2007	Performance Lead
Final accounts memorandum	July 2007	October 2007	Audit Manager
Annual audit and inspection letter (including direction of travel assessment)	October 2007	December 2007	Relationship Manager
Use of Resources Report	TBC	TBC	Audit Manager

## Appendix 4 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 Auditors appointed by the Audit Commission are subject to the Code of Audit Practice (the Code) which includes the requirement to comply with ISA UKIs when auditing the financial statements. Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm’s independence and the objectivity of the audit engagement partner and audit staff. Standards also place requirements on auditors in relation to integrity, objectivity and independence.
- 2 The standards define ‘those charged with governance’ as ‘those persons entrusted with the supervision, control and direction of an entity’. In your case the appropriate addressee of communications from the auditor to those charged with governance is the Audit Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 3 Auditors are required by the Code to:
  - carry out their work with independence and objectivity;
  - exercise their professional judgement and act independently of both the Commission and the audited body;
  - maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
  - resist any improper attempt to influence their judgement in the conduct of the audit.
- 4 In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors’ functions under the Code. If the Council invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as work carried out under s 35 of the Audit Commission Act 1998.
- 5 The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:
  - any staff involved on Commission work who wish to engage in political activity should obtain prior approval from the Regional Director;
  - audit staff are expected not to accept appointments as lay school inspectors;

## 22 Audit and Inspection Plan | Appendix 4 – The Audit Commission's requirements in respect of independence and objectivity

- firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned;
- auditors are expected to comply with the Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence;
- auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission;
- auditors are expected to comply with the Commission's policy for both the District Auditor and the second in command (Manager) to be changed on each audit at least once every five years with effect from 1 April 2003 (subject to agreed transitional arrangements);
- audit suppliers are required to obtain the Commission's written approval prior to changing any District Auditor in respect of each audited body; and
- the Commission must be notified of any change of second in command within one month of making the change. Where a new District Auditor or second in command has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.

Project specification

January 2006

# Setting High Ethical Standards - draft

**Any District Council**

**Audit 2006/2007**

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our remit covers around 11,000 bodies which between them spend more than £180 billion of public money every year. Our work covers local government, health, housing, criminal justice and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we monitor spending to ensure public services are good value for money.

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## Introduction and background

- 1 There is an increased emphasis on the need for the highest standards of conduct in public life. The findings of Nolan and Graham Committees, the Local Government Act 2000, the introduction of The Standards Board for England, and the inclusion of an ethics component in the Comprehensive Performance Assessment 2005 are all factors in the current weight being given to the need for strong ethical governance in local councils.
- 2 High ethical standards are the cornerstone of good governance. They are an integral part of good corporate governance arrangements, can lead to increased confidence in local democracy. The Audit Commission reports its assessment of how well a council is following high ethical standards in its CPA ratings.
- 3 Setting high ethical standards is an important building block for councils in developing their community leadership role and improving services to the community. Councils are also becoming involved in increasingly complex partnerships and a decline in standards may adversely affect these arrangements and lead to increased financial or reputational risk.
- 4 Local authorities and individual members now face a number of risks which may include:
  - referral to, and investigation by, The Standards Board for England for alleged breaches of the code of conduct, sometimes leading to the disqualification of members;
  - loss of confidence in individual members, councils and local democracy; and
  - poor decision making.
- 5 Ethical governance is an area of great interest to the national and local press, particularly when things go wrong. On average one councillor a week is removed from office because of breaches of the code of conduct ranging from bullying behaviour, misuse of council resources, bringing the council into disrepute and using their position as a councillor for personal gain. Other sanctions have included formal censure, and suspension from using council facilities. When things go wrong and councillors are found guilty of a breach of the code of conduct, there is a risk to the reputation of individuals and the council. The consequent difficulties of having to implement widespread changes whilst under the spotlight cannot be overestimated.
- 6 One of the common aspects of governance failures is not the absence of frameworks, controls and arrangements but the absence of appropriate behaviours and values amongst members and officers. Our work is therefore targeted towards the council's compliance with statutory requirements and its behaviours, culture and values.

## Scope and objectives

- 7 The aim of this work is to help you assess whether:
  - the council is complying with Part III of the Local Government Act 2000;
  - the council is ensuring that the Standards Committee is working effectively;
  - members and officers have an understanding and awareness of ethical issues;
  - members are abiding by the code of conduct; and
  - members and officers have training needs in this area.
- 8 The work is aimed predominantly at Members.

## Desired outcomes

- 9 As a result of this work Any District Council members and officers should
  - be more aware of the ethical agenda;
  - have a better understanding of the ethical health of the council;
  - have a better understanding of how well the council is measuring up to the Audit Commission's comprehensive performance assessment (2005) requirements; and
  - have a better understanding of what further actions is needed to take to meet the desired standards.

## Audit approach

- 10 In the first instance, we will undertake a survey of members and key officers using a web-based approach. We will circulate a letter to the members and officers in discussion with the council and liaise with officers to ensure this process is completed efficiently. A draft letter has previously been provided to the Monitoring Officer for comment (as attached at Appendix 1).
- 11 Depending on our findings and with agreement of the council, we may then undertake a fuller diagnostic consisting of
  - a document review;
  - interviews with key members and officers; and
  - focus group meeting with a range of officers and members.

## Timescale and arrangements

The project will be carried out by Audit Commission staff under the direction of your local audit manager.

- 12 We will liaise with TBC from the council as appropriate. The work will be carried out in line with the following timetable (to be agreed with officers):

Task	Target date for completion
Set up meeting	TBC 2006
Survey	TBC 2006
Client feedback	TBC 2006

## Output from the survey

- 13 We will provide a short analysis and summary report of the survey findings.
- 14 We will then discuss with the council whether further, in-depth work, is appropriate.

## Terms of engagement

- 15 It is understood by you and by us that this work is carried out pursuant to Section 35 of the Audit Commission Act 1998, that is, that you have requested this work and you have consulted such associations of employees or such other organisations as appear to you appropriate before requesting this work.
- 16 We have calculated our charges for completing this work based on an estimate of the time needed to carry out the work and the skill and experience of the team members.
- 17 Our charges for this work will be **£4,500**. Please note that the cost will cover the running of the survey and feedback of the survey results, which will include a detailed analysis of the results.
- 18 Finally, thank you for requesting us to carry out this work for you.

## **Appendix 1 – Sample Letter**

### **Setting high ethical standards**

#### **Ethical standards self-assessment survey**

To Members and officers

#### **Setting high ethical standards**

The Audit Commission is working with your council to assess its arrangements for ensuring and promoting a positive ethical environment. The survey is an essential element of this assessment. The survey asks members and officers for their views on the arrangements in your council and explores awareness of Part III of the Local Government Act 2000. Findings will be used to identify any improvements that can be made in your council.

There is an increasing emphasis on the need for the highest standards of conduct in public life. The Nolan Committee's seven principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) should inform the behaviour of public office holders. They underpin the code of conduct introduced for members under the Local Government Act 2000. Ethical governance has also been included in the Comprehensive Performance Assessment 2005.

High ethical standards are of benefit to the council. They are an integral part of strong corporate governance; they can lead to increased confidence in local democracy and local services and can help the authority to attain a high CPA rating.

The attached survey will take approximately 10 minutes to complete. Please click on **INSERT LINK PROVIDED BY AUDIT COMMISSION TEAM HERE** to access the survey.

Your response will be confidential to the Audit Commission and your name will not be identified to the council or in the analysis that will follow from this study.

Should you have any queries or concerns about this study please do contact me.

Thank you for taking the time to complete the survey.

Yours sincerely

A.N. Auditor

Please complete the survey on line by TBC 2006