

Report to the Audit and Governance Committee 20th November 2017 on actions taken in relation to key recommendations made in the Officers' Code of Conduct internal audit report (originally reported to the Committee on 18th September 2017).

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Summary of Audit Area

The purpose of the Officers' Code of Conduct (the Code/Code of Conduct) is to give all employees guidance on how the City Council and the public in general expect them to behave. If the Code is followed then staff should not find themselves in a situation where their conduct could create an impression of conflict of interest or corruption in the minds of the public. Compliance with the Code is essential particularly during periods of significant change, such as the Together Gloucester restructure. The Together Gloucester project also introduced an Employee Behaviours Framework, which the Code should align with in order to support and develop a positive workplace culture.

Summary Terms of Reference of the Audit

The audit objectives were to provide reasonable assurance that:

- The Council maintains a current and appropriate Code of Conduct, with appropriate links to the wider governance framework; and
- Council employees are aware of the Code of Conduct, are able to refer to it, and understand its contents and their own responsibilities in applying it.

The audit considered the current arrangements in place only.

Risks

- The ethical framework and cultural values of the Council deteriorate or are disregarded, increasing the risk of poor performance, justified complaints from stakeholders, or fraud.

Key Findings

- The Council's Code of Conduct is part of the Constitution and has remained largely unchanged since 2010. The majority of expected content was present in the Code of Conduct. However, some phrasing within the Code of Conduct may be open to interpretation and some sections do not provide a sufficient level of detail when compared to neighbouring authorities.
- Many of the policies referenced within the Code of Conduct are out of date and not readily available to staff.
- New starters are not provided with the correct Code of Conduct, and may therefore be unaware of its existence or requirements.
- A survey of sampled employees found that generally staff are not aware of where to find the Code of Conduct for reference.
- The Council's approach to registering gifts and hospitality is fragmented, and the stated process in the Code of Conduct is applied inconsistently between services. No central oversight of officer gifts and hospitality exists.
- In scenarios of being offered gifts or hospitality, surveyed staff generally showed caution and indicated they would decline any offers from third parties, although this is not a requirement of the Code of Conduct.
- No Register of Officer Interests for conflicts of interest exists, although there is mitigation for officers at a senior level through the process for declaring related party transactions. The stated processes in the Code of Conduct, Contract Rules and Financial Procedure Rules are not in place.

Conclusions

Overall, the cautious approach exemplified in the staff surveyed signifies the Council should take comfort that employees are conscious of the need to demonstrate correct and ethical behaviour. Taking all elements into account, the risk opinion has been assessed as satisfactory. However, the ongoing absence of established procedures to record conflict of interests, the need to bring the different methods of recording gifts and hospitality together into a single approach, the need to update core governance policies, and the absence of a system to provide governance documents to staff have resulted in a control opinion of limited assurance.

Action taken as at the end of October 2017 or proposed (together with timescales)

Recommendation 1 – revised Code of Conduct. A draft revised Code of Conduct is due for completion by the end of October 2017.

Recommendation 2 – The revised Code of Conduct will make specific reference to a number of related and associated policies, a programme to review those policies, particularly in relation to their application to the Code of Conduct will be completed by 31 December 2017.

Recommendation 3 – The Council's HR Business Partner has taken steps to ensure that the City Council's Code of Conduct (and the revised Code once it is adopted) will be used as part of the new starter process – Completed.

Recommendation 4 – Access to the revised Code of Conduct will be made available to all staff, together with guidance on how to access the information by 31 December 2017.

Recommendation 5 – Suitable arrangements for Officers to report any potential conflicts of interest have been re-established and notified to all members of staff – Completed. An annual declaration will be introduced alongside the training on the new Code of Conduct by 31 December 2017.

Recommendation 6 – Suitable arrangements for Officers to register gifts and hospitality have been re-established and notified to all members of staff – Completed.