



Audit and Risk Committee

14 March 2016

Report title	Related Parties Declarations	
Accountable director	Kevin O'Keefe, Governance	
Originating service	Governance	
Accountable employee(s)	Tracey Christie	Head of Legal Services
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Report to be/has been considered by	Audit Committee	6 July 2015
		21 September 2015
		14 March

Recommendation(s) for action or decision:

The Committee is recommended to:

1. To note the action taken.

1.0 Purpose

- 1.1 The purpose of the paper is to provide a response to the Audit and Risk Committee in relation to the Council's previous external auditors' findings in relation to completeness of related party declarations and their recommendations.

2.0 Background

- 2.1 The draft statement of accounts by PricewaterhouseCoopers was previously presented to the Audit and Risk Committee followed by their annual letter, which highlighted failures by 14 members to disclose third party interests and a failure to disclose close dependents. The external auditors made recommendations to address this. In response the Council advised that they would review the declaration to ensure compliance with the accounting standards and provide refresher training for members. The Audit and Risk Committee required confirmation that the recommendations have been carried out. Therefore the Chair of the Audit Committee has requested this report be brought to the Audit and Risk Committee on 14 March 2016.

3.0 Progress, options, discussion, etc.

- 3.1 The draft statement of accounts for the year ended 31 March 2015 was presented to the Audit and Risk Committee on 30 June 2015 and published on 30 September 2015. In their Annual Audit Letter, the Council's external auditors PWC reported under a section on Completeness of Related Party declarations that:-

- "Fourteen related parties were not declared by Members.
- One was over the Council's accounts disclosure threshold of £100k. This related to Heath Town Senior Citizens Welfare Project (£103,362 - over £100k and disclosed in final accounts), which was not disclosed in the draft accounts but was added to the final set of accounts. (Further information is to be provided which will be brought to the Audit and Risk Committee on 14 March 2016).

• No close dependents were disclosed which is a requirement of the a-

- accounting standard".

They went on to recommend that the Council "provides a re-fresher briefing to Member's on the requirements for related party declarations". The Council's response was "The declaration will be reviewed to ensure that it is compliant with the accounting standard and a refresher briefing will be provided for members - responsibility: Director of Governance". This matter has now been raised and discussed at the Audit and Risk Committee at their last two meetings, and the Chair of the Audit and Risk Committee, requested confirmation of the following:-

1. That the individual Members who had not declared their related party transactions, have been made aware of this, and have now done so;

2. The outcome of the review of the declaration to ensure it was compliant with the accounting standard; (Kevin are you able to advise what the outcome was?)
3. What action has been taken to ensure that any close dependents have been disclosed; and
4. When the re-fresher briefing to Member's on the requirements for related party declarations was held, or is to be undertaken.

In response to the questions above the above the Director of Governance has confirmed the following:-

Question 1

- That all Councillors noted as failing to register interests have readily accepted their error (which invariably was in respect of Council appointed roles) and were very quick to regularise the position – all within a few days of being contacted.

Question 2

- The outcome of the review of the declaration is that it is fully compliant with the accounting standard.

Question 3

- Similarly, elected members whose partners / spouses / significant others had business relationships with the Authority and who were identified to the Director of Governance have equally complied with his request to update their details. All were apologetic and the Director of Governance is confident that in each case it was no more than innocent oversight. Following a discussion with these individuals they are now fully aware of their responsibilities in this regard.
- The Director of Governance has had a new on-line version of the Register of Interests form launched a week or so ago and all Councillors were contacted to advise that Member Support Officers would offer training to those interested in using that facility going forward.
- The forms have also been adjusted to prompt members to think about disclosure of appointments as Directors / Trustees etc. of outside bodies, which should eradicate the issue for the future.

Question 4

- Additional invitations will be sent to all Councillors to join the New Member Induction briefings taking place in May – covering a range of issues including Code of Conduct and Standards matter. The Director of Governance is arranging a refresh of the content of the training offer prior to delivery of the seminars.

City of Wolverhampton Council as are all Local Authorities and public bodies is responsible for the conduct of public business and for spending public money and are therefore accountable for ensuring that public business is conducted in accordance with the law and applicable public practices. In discharging this accountability Wolverhampton Council is required to make proper arrangements for

the governance of their affairs and the stewardship of the resources in their care. They are required to report these arrangements in their Annual Governance statement.

The public accountability framework encourages openness and transparency from local councils by requiring that the annual return and external audit reports are made public.

In relation to related party relationships and transactions these are required to be disclosed in accordance with requirements of 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Pursuant to the Localism Act 2011, all Councillors have to sign a declaration to abide by and uphold the City Council's Code of Conduct for Members. A copy of which can be found in the Constitution under Volume B (B7).

The City Council's Monitoring Officer maintains a Statutory Register of Members Interests that has been brought to his attention. Councillors are obliged, by law, to keep their Statutory Register up-to-date and to inform the Monitoring Officer of any changes within 28 days of the relevant event. A Councilor's failure to keep the Statutory Register up-to-date can be the subject of a complaint to the Monitoring Officer and/or Standards Committee. It is also a criminal offence for failing to register relevant interests Section 34 of the LA 2011 creates a criminal offence where a member fails, without reasonable excuse to comply with the requirements to declare discloseable pecuniary interests or takes part in council business at meetings.

4.0 Financial implications

- 4.1 The statement and audit of those statements by the external auditors are an important element of the accountability and transparency of the Council's finances

5.0 Legal implications

- 5.1 The Accounts and Audit (England) Regulations 2011 require the 2015/2016 Statement of Accounts to be produced in accordance with proper practice. This is exemplified by the Code of Practice on Local Authority Accounting which is published by CIPFA. These regulations also require that the accounts are approved by 30 June 2015 and published by 30 September 2015
[TS/04032016/F]

6.0 Equalities implications

- 6.1 There are no direct implications arising from this report

7.0 Environmental implications

- 7.1 There are no implications arising from the report

8.0 Human resources implications

- 8.1 There are no implications arising from the report

9.0 Corporate landlord implications

9.1 There are no implications arising from the report

10.0 Schedule of background papers

10.1 N/A