

**LONDON BOROUGH OF BRENT**  
**STANDARDS COMMITTEE – 19 OCTOBER 2004**  
**REPORT FROM THE BOROUGH SOLICITOR**

For Information

WARDS AFFECTED: ALL

<b>REPORT TITLE : REPORT BACK ON ETHICAL GOVERNANCE AUDITS</b>
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**1.0 SUMMARY**

- 1.1 This is a report back from the Monitoring Officer following members' requests for more information on the subject of ethical governance audits as set out in her annual report at the last meeting of this committee.

**2.0 RECOMMENDATIONS**

- 2.1 That the committee note this report.

**3.0 FINANCIAL IMPLICATIONS**

- 3.1 An ethical governance audit as set out by IDeA (the "Improvement and Development Agency") requires considerable additional resources, due in part to the requirement for an external validator (unless the audit is done on a reciprocal basis between Brent and a neighbouring borough). Funding to cover the costs would need to be identified if an audit were to be undertaken.

**4.0 STAFFING IMPLICATIONS**

- 4.1 There are no staffing implications.

**5.0 DIVERSITY IMPLICATIONS**

- 5.1 There are no specific diversity implications arising from this report although members are asked to note that the IDeA have indicated that an ethical governance audit should enable the council to assist in building a 'bond of trust' between councils and communities'.

**6.0 LEGAL IMPLICATIONS**

- 6.1 There is no statutory duty to undertake an ethical standards audit but the Council must ensure that it has in place suitable and robust mechanisms for ensuring as far as possible high levels of probity and ethics amongst members and officers.

## **7.0 DETAIL**

7.1 On 6<sup>th</sup> July 2004, this committee received the Monitoring Officer's annual report. That report referred to the subject of Ethical Governance Audits and, as a result, members agreed to receive a specific report back on progress across London on undertaking ethical governance audits and proposals for undertaking an audit for Brent.

7.2 This report reminds members what is meant by an ethical governance audit and what progress there has been across London in undertaking audits, if any, and the position at Brent.

### **7.3 Background**

7.4 In 2001 the IDeA promoted a paper headed 'Ethical Governance Audits'. It was envisaged in this paper that an ethical governance audit would assist councils in achieving real progress in the promotion and maintenance of high standards of conduct amongst council members and staff and the integration of the ethical framework into the council's operations.

7.5 It was suggested in the IDeA paper that the Standards Committee of each authority should lead on an audit of this nature in keeping with their role of promoting and maintaining high standards of conduct.

7.6 A report was first considered on the issue by this committee on 8<sup>th</sup> April 2003 (i.e. before the later report referred to in paragraph 7.1). By way of a reminder to members, the IDeA listed certain essential requirements in undertaking an audit of this nature, namely:

- a) External validation of the chosen methodology;
- b) Tried and tested methodology e.g. questionnaires, interviews, views from the public; and
- c) Examination of the Council's key information e.g. Standing Orders, schemes of delegation, terms of reference etc., the idea being that one should identify whether the information is up to date, easy to understand and easily available.

7.7 In undertaking the audit, the IDeA set out core competencies gathered under three main headings. These have been further divided up into 10 characteristics with the idea that positive and contra-indicators on each of these core competencies would best demonstrate the ethical performance of the authority. These are set out below:

- **Integrity**

Ethical vision;

Communication;  
Commitment; and  
Leadership

- **Accountability**

Organisational management;  
Systems and process operation; and  
Objectivity and scrutiny

- **Standards Management**

Standards integration;  
People and practice management;  
Training and development; and  
Planning and review

7.8 At the meeting of 8<sup>th</sup> April 2003, Members resolved that it seemed sensible that a series of audits over a long period of time be introduced to look at particular areas rather than attempting to deal with one audit dealing with the entire Council and decision making framework. However, it was thought useful to check progress across London.

**7.9 Progress across London**

7.10 Officers wrote to all other London Boroughs in September 2004 in order to gauge use and interest in such an audit. Only nine other boroughs have responded (see table attached at Appendix A). A further updated table will be provided at the meeting if necessary.

7.11 The appendix states whether the other boroughs have undertaken an ethical governance audit and, in some cases, gives the name of the external validator. It is clear that very few boroughs have undertaken an ethical governance audit.

**7.12 Proposals for undertaking an audit at Brent**

7.13 As a result (but falling outside the specific criteria set out by the IDeA), the Committee has before it the annual review of the Planning Code of Practice and it will shortly be receiving two different reviews dealing with various aspects of the ethical framework, namely, the review of Register of Member Interests and a review on the Register of Gifts and Hospitality. In addition, the committee also has before it a proposal to place the Register of Members Interests on the Council's web page in an effort to further raise the level of transparency and accountability in decision making at Brent.

7.14 These reviews do not strictly form part of the formal ethical governance audits as envisaged by IDeA as they may meet some, but not all, the

criteria set out by the IDeA. For example, a standard methodology has not been applied and they have not been externally validated.

- 7.15 From the responses received it appears as if the need for some sort of formal ethical governance audit as described by the IDeA has been overtaken (or adequately covered) by other audit and internal control arrangements such as the corporate governance framework and the statement of internal control. This latter document is a requirement of the Accounts and Audit Regulations 2003 which requires local authorities to provide a Statement of Internal Control with Financial Statements each year. This statement includes key aspects of Corporate Governance and risk management for the Council as a whole. Members are also reminded that each year the Monitoring Officer provides an annual report to members.
- 7.16 In light of current control measures undertaken by Legal & Democratic Services, Audit & Investigations and other areas of the Council, it is recommended that the Council should proceed on the basis that the corporate governance framework and its controls have essentially been taken over from the ethical governance audit proposed by the IDeA. It is therefore recommended that for the time being that officers bring to this committee further reports on specific risks areas from time to time.

## **8.0 BACKGROUND INFORMATION**

'Ethical Governance Audits', IDeA

Correspondence between Brent and London boroughs specified in appendix 'A'

Any persons wishing to inspect the papers in connection with the above proposals should contact Helen Keep at [Helen.keep@brent.gov.uk](mailto:Helen.keep@brent.gov.uk) or:-

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## Appendix “A”

### RESPONSE ON ETHICAL GOVERNANCE AUDIT

LONDON BOROUGH	RESPONSE
Tower Hamlets	Yes ( Audit Commission)
Harrow	No (A new Director of Corporate Governance is being appointed and he may take a view about whether or not this is something Harrow will do)
Camden	No
Newham	Yes
London Borough of Lambeth	No
London Borough of Hackney	Yes
Haringey Council	No (Chief Exec and Director of Finance aren't aware any has been done).
Westminster City Council	No
London Borough of Havering	No (Report prepared on this but not yet issued for Standards Committee perusal.

