

# WIRRAL COUNCIL

## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2013

<b>SUBJECT:</b>	<b>GIFTS AND HOSPITALITY AND CONFLICT OF INTEREST</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>ACTING DIRECTOR OF LAW, HR &amp; ASSET MANAGEMENT</b>
<b>KEY DECISION</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of the report is to inform Council Excellence Overview and Scrutiny Committee of the action taken in relation to changes to the Council's Gifts and Hospitality and Conflict of Interest policies and procedures following a report from the District Audit in September 2012.
- 1.2 This information was requested by the Committee on 27 November 2012 (minute 37).

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 On 19 September 2012, the Audit and Risk Management Committee considered a report by the District Auditor on Gifts and Hospitality and Conflict of Interests.
- 2.2 As part of the assessment of the Council's arrangements to ensure value for money, the District Auditor undertook a review of work carried out by Internal Audit in relation to gifts and hospitality and conflicts of interest. The District Auditor indicated that although the Council's procedures were found to be generally adequate, testing had identified a high instance of non-compliance, with poor or incomplete recording of both gifts and hospitality and declarations of conflicts of interest. His report highlighted the key issues from the review and included a number of recommendations that challenged the Council to address the weaknesses in compliance with its procedures.
- 2.3 There were a number of recommendations in the report:
- R1** Reinforce to all staff, line managers and chief officers their responsibilities for good governance, risk management and internal control in respect of gifts and hospitality and conflicts of interest.
- R2** Ensure procedures and guidance are clear and understood, including:
- Agreeing any differences between the arrangements within the Council and the Pension Fund;

- Specifying the departmental and central management information requirements for the managing and monitoring of compliance with gifts and hospitality and conflicts of interest policies;
- Ensuring consistency with other procedures, such as foreign travel approvals;
- Ensuring declarations are accurate, complete and made in a timely manner; and
- Ensuring risks are managed appropriately.

**R3** Consider whether the work of Internal Audit on gifts and hospitality and conflicts of interest provides management and those charged with governance with appropriate assurance for the Annual Governance Statement.

2.4 An action plan was developed to ensure recommendations from the report were implemented.

### **3.0 Key Policy and Procedure Changes**

3.1 The key issues arising from the Audit report were generally ones of compliance, rather than concerns about the adequacy of the policies or procedures themselves.

3.2 However, the Conflict of Interest and Gifts and Hospitalities Policies and Procedures were reviewed to ensure that they provide greater clarity in relation to the Council's position on these matters, officer responsibilities and the procedures that must be followed to ensure compliance.

3.1 On 14 February 2013, Employment and Appointments Committee approved the revised policies and procedures.

### **Gifts and Hospitality Policy and Procedure**

3.3 The key changes to the Gifts and Hospitality Policy and Procedure were as follows:

- Further detailed guidance on the types of gifts and hospitality that must be declared.
- Further guidance on accepting low value gifts and a value of £25 stipulated as the definition for such gifts
- Further clarity on the requirement that Gifts and Hospitality should be declared prior to acceptance unless in exceptional circumstances.
- Provision within the policy for Merseyside Pension Fund which already has a compliance document in place.
- The requirement for Directors/Heads of Service to maintain registers for their department(s).
- All completed Conflict of Interest forms to be sent to HR for retention on employee personnel file
- The requirement for the Head of Human Resources and Organisational Development to collate and publish an annual report to Elected Members.

## **Conflict of Interest Policy and Procedure**

3.4 The key proposed changes to the Conflict of Interest Policy and Procedure were as follows:

- Further detailed guidance on what may represent a conflict of interest.
- The requirement for nil return to be completed on annual basis by Heads of Service and above only, and not all employees, as this is disproportionate and impractical.
- The requirement for Directors/Head of Service to maintain registers for their department(s).
- Clarity around the potential consequences of non-declaration.
- All completed Conflict of Interest forms to be sent to HR for retention on the employee personnel file.
- The requirement for the Head of Human Resources and Organisational Development to collate and publish an annual report to Elected Members.

3.5 The revised policy documents reflect the Council's commitment to ensuring greater awareness of officers at all levels as to their responsibilities in declaring any offers of gifts and hospitality and similarly if they have a conflict of interest.

### **4.0 Communication Action Plan**

4.1 The key to ensuring that the Council complies with the requirements of the revised policies is to raise and maintain awareness of staff of their responsibilities through regular communication through the following channels

- Regular reminders through One Brief (already referenced in March One Brief)
- Regular reminder in Chief Executive e-mails to employees
- Regular inclusion on Departmental Management Team Agenda
- Intranet
- Management Cascade Team Briefs
- One Council article

4.2 The revised policies were published on the HR Handbook in February 2013.

### **5.0 RELEVANT RISKS**

5.1 The Council is funded almost entirely from public funds, either through grants from central government, or through council tax, funded from the local tax payer. It is therefore essential that the Authority can demonstrate the highest standards of probity in general, and specifically in relation to its dealings with third parties. The Council therefore needs appropriate policies and procedures in place to provide a clear framework for how offers of gifts and hospitality, and potential conflicts of interest should be handled. There is the potential for damage to the Council's reputation should it not maintain high standards in relation to these areas.

### **6.0 OTHER OPTIONS CONSIDERED**

6.1 None.

### **7.0 CONSULTATION**

7.1 Consultation on revised policies and procedures took place with Internal Audit, Merseyside Pension Fund, the Executive Team and the Trade Unions.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 None.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 None.

## **9.0 LEGAL IMPLICATIONS**

9.1 The relevant legislation is set out in the policy documents.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 The EIA was completed for Employment and Appointments Committee and is available at:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/law-hr-asset-management>

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 None.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 None.

## **13.0 RECOMMENDATION/S**

13.1 That the Council Excellence Overview and Scrutiny Committee note the contents of the report and the work undertaken since the Audit Report was produced in September 2012.

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 Council Excellence Overview and Scrutiny had requested an update on work undertaken in this area.

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## **APPENDICES**

**REFERENCE MATERIAL**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	19 September 2012
Employment and Appointments Committee	14 February 2013
Council Excellence Overview and Scrutiny	27 November 2012