

Audit and Governance Committee

31 January 2007

Report of the Assistant Director of Resources (Audit and Risk Management)

Privacy and Confidentiality Policy

Summary

- 1 The purpose of the report is to allow Members to consider adopting a privacy and confidentiality policy, which would cover;
 - a) the receipt of reports relating to specific audit matters;
 - b) periodic informal discussions with the external auditor and the Chief Internal Auditor.

Background

- 2 To improve transparency, Part 5A of the Local Government Act 1972 provides for public access to the meetings and related reports of Councils, and their committees and sub-committees.
- 3 The legislation however permits Members, by resolution, to exclude the public from meetings for the consideration of items containing exempt information. The categories of information exempt from disclosure are listed in Schedule 12A of the LGA 1972, as amended by the Local Government (Access to Information) Variation Order 2006. The following provides a summary of the different categories of exempt information;
 - a) information relating to an individual;
 - b) information which is likely to reveal the identity of an individual;
 - c) information relating to the financial or business affairs of any particular person;
 - d) information relating to any consultations or negotiations associated with labour relations;
 - e) information subject to legal professional privilege;
 - f) information regarding the proposed making of orders or directions or the serving of notices;

- g) any action taken or proposed in connection with the prevention, investigation or prosecution of crime.
- 4 CIPFA has issued guidance on the role and functioning of Audit Committees within local authorities. To maximise their effectiveness, CIPFA advise that Audit Committees should periodically hold private discussions with both the external auditor and the Chief Internal Auditor. This arrangement allows Committee members to listen to the views of the auditors independently of senior management, with whom the auditors must retain an ongoing working relationship. Such discussions can cover a number of subject areas, including;
- a) the degree of cooperation being received by the auditors;
 - b) any limitations placed on the scope of internal audit activities;
 - c) the extent of any significant disagreements with senior management, and the way in which these have been resolved;
 - d) the auditors' view of their relationship with management;
 - e) any other control issues or matters which the auditors consider should be brought to the attention of the Audit Committee, without management being in attendance.

Privacy and Confidentiality Policy

- 5 There is a strong public interest in showing how public funds have been spent, that assets have been safeguarded and that the Council has obtained value for money and minimised waste. There is also a public interest in demonstrating that Members and officers have acted in accordance with the highest standards of probity and propriety. The presumption should therefore be to publish as much information as necessary to satisfy these requirements. However, given the nature of audit activity there will be certain information which it would not be in the public interest to disclose. The majority of audit reports presented to this Committee are unlikely to contain such information. The exceptions are likely to be those reports which;
- a) Relate to the investigation of actual or suspected fraud, corruption or other irregularities, and which name individuals who are the subject of ongoing internal disciplinary proceedings and/or prosecution;
 - b) Contain commercially confidential information such as the value of tenders or quotations received in respect of current procurement activities.

In both cases, this type of information would in any case be classed as exempt under Schedule 12A of the LGA 1972, as amended, and would not need to be disclosed.

- 6 It is therefore proposed that a policy of full disclosure is adopted, except where audit reports contain exempt information. In such cases every effort will be made to disclose as much information as is possible, providing that it is considered to be in the public interest.
- 7 In both the private and public sectors it is regarded as beneficial for Audit Committees to hold periodic private discussions with their respective internal and external auditors. Such meetings enable issues relating to the governance of the organisation to be discussed freely and independently of management. It is therefore proposed to adopt the guidance from CIPFA and to hold informal private meetings between the Members of this Committee and the Chief Internal Auditor and/or the external auditor. It is suggested that these meetings take place quarterly and immediately prior to the formal public meetings. To encourage open debate and the full disclosure of relevant information any notes which are kept of these meetings will be treated as confidential.

Consultation

- 8 The Head of Legal and Democratic Services has been consulted on the proposals detailed in this report.

Options

- 9 Not relevant for the purpose of the report.

Analysis

- 10 Not relevant for the purpose of the report.

Corporate Priorities

- 11 This report contributes to the Council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. It also contributes to all the improving organisation effectiveness priorities.

Implications

- 12 The implications are;
 - **Financial** – there are no financial implications to this report.
 - **Human Resources (HR)** – there are no HR implications to this report.
 - **Equalities** - there are no equalities implications to this report.
 - **Legal** - there is a need to comply with relevant legislation regarding the disclosure of information to the public.
 - **Crime and Disorder** – there are no crime and disorder implications to this report.

- **Information Technology (IT)** - there are no IT implications to this report.
- **Property** - there are no property implications to this report.

Risk Management Assessment

- 13 Without an appropriate privacy and confidentiality policy the Council may not be able to adequately fulfil its responsibility to demonstrate openness and accountability in respect of its governance arrangements. The effectiveness of audit activities within the Council may also be reduced if the auditors are constrained in their ability to discuss relevant matters with Members.

Recommendation

- 14 Members are asked to;

- Consider the proposed privacy and confidentiality policy as set out in this report.

Reason

To ensure the Council provides for openness and transparency in audit and governance related matters.

- Agree to holding private informal meetings with the external auditor and the Chief Internal Auditor.

Reason

To enable Members of the Committee to be made aware of issues arising from the work of internal and external audit.

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Report Approved



Date

17
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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

CIPFA guidance for Local Authorities on Audit Committees