



OVERVIEW, SCRUTINY AND AUDIT COMMITTEE

PHOENIX HOUSE, NOTTINGHAM ROAD, MELTON MOWBRAY

14 JUNE 2011

PRESENT

Councillors M. O'Callaghan (Chairman)  
J. Douglas; S. Dungworth, J. Illingworth,  
V. Manderson, T. Moncrieff, M.R. Sheldon, N. Slater

Ms. C. Wood of  
PricewaterhouseCoopers, External Auditors

Councillors M. Gordon, D. Wright - Observing

Strategic Director (CAM); Head of Central Services  
Head of Welland Internal Audit Consortium, Internal Auditor  
Head of Communities & Neighbourhoods; HR & Communications Manager  
Place Manager; Administrative Assistant

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OS.1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Cumbers and Lumley.

OS.2. MINUTES

The Minutes of the meetings held on 8 February 2011, 15 February 2011, 22 February 2011, and 11 April 2011 were confirmed and authorised to be signed by the Chairman.

OS.3. DECLARATIONS OF INTEREST

There were no declarations of interest.

OS.4. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations from other Committees.

OS.5. CONSTITUTION REVIEW TASK GROUP

The Committee

(a) reconstituted the Constitution Review Task Group with the following terms of reference:-

*“To review the Council’s Constitution and to make appropriate recommendations”*

(b) considered membership to the Task Group.

**RESOLVED** that

(1) the Constitution Review Task Group be reconstituted with the following terms of reference:-

*‘To review the Councils Constitution and to make appropriate recommendations;*

(2) Councillors Dungworth, Illingworth, O’Callaghan, Sheldon, and Slater be the Committee’s representatives on this Task Group;

#### OS.6. INTRODUCTORY REPORT OF THE CHAIR OF THE OVERVIEW, SCRUTINY & AUDIT COMMITTEE

The Chairman submitted a report (copies of which had previously been circulated to Members) which set out his views on a variety of business/activity issues. He appraised Members of his previous experience of the overview and scrutiny function through his role as a County Councillor. He added that as well as the statutory audit function of the Committee and the administration of the call-in process, there was also the contribution the Committee could make in developing policy and undertaking investigative research or reviewing controversial issues or areas of concern. He was concerned that the committee did not get too bogged down in the three areas of work, particularly the audit aspect. To that end, he proposed that a sub group be formed to look at the management of the audit function in detail and report back to the Committee. The Chairman expressed the view that the main Committee should consider headline issues with Task Groups established for specific issues. He added that the Task Groups should be flexible as to numbers of members; in certain cases a Task Group of one Member might be appropriate. The duration of the groups should be short term on a task and finish basis for a maximum of three months for minor topics and for six months on major policy reviews.

A short discussion took place on the proposals put forward by the Chairman during which general agreement was indicated.

**RESOLVED** that

(1) Officers be instructed to enquire further and make a report to the next meeting of this Committee upon the management and reporting of the Council’s Audit function and that a Task Group be set up comprising Councillors Dungworth, Manderson, and Sheldon to consider this;

- (2) A Committee training plan be prepared covering the skills necessary for the efficient running of the Committee and that the Member Development Task Group be reconstituted;
- (3) All current Committee documentation be reviewed with advice from relevant bodies;
- (4) A methodology to develop the “Call for Action” be prepared and presented to the next Committee, together with proposals on how the public can engage with the scrutiny function.

#### OS.7. ANNUAL AUDIT PLAN 2010/11

On behalf of the Council’s External Auditors, Ms Wood presented the Annual Audit Plan 2010/11 (copies of which had previously been circulated to Members) and drew Members’ attention to the External Auditors’ approach, the audit fees and the risk assessment contained within and the key risks the Council faced in 2010/11.

The Chairman asked what the External audit fees were as a percentage of the council tax. The Head of Central Services replied that the figure represented a little over 3% but day rates were payable on top relating to the audit of grant claims which last year amounted to £50K. The Internal Audit fees were also an additional £45K for the coming year so together the overall figure was in the region of 6.5% of council tax.

**RESOLVED** that the Annual Audit Plan 2010/11 be noted.

#### OS.8. ANNUAL REPORT OF INTERNAL AUDIT FOR 2010/11

The Head of Welland Internal Audit Consortium submitted a report (copies of which had previously been circulated to Members) which satisfied the Accounts and Audit Regulations by providing Members with the opportunity to consider a report from the head of the Council’s Internal Audit function on the performance of Internal Audit during the year and the “Internal Audit Opinion” on the Council’s system of internal control and its arrangements for risk management and governance.

The Head of Welland Audit Consortium stated that the key message concerned the level of assurance given for last year which was sound. Members thanked the Head of Welland Audit Consortium and the Chairman referred to the proposal to set up a Task Group for the Audit function.

**RESOLVED** that that the Annual Report of Internal Audit for 2010/11 and the Internal Audit Opinion that it supported be noted.

#### OS.9. ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF INTERNAL CONTROL

The Strategic Director submitted a report jointly prepared with the Head of Central Services (copies of which had previously been circulated to Members) which

- a) explained the requirements for the Council to produce an Annual Governance Statement (AGS) and invited the Committee to consider the Council's draft AGS for 2010/11 before its approval by Policy, Finance and Administration Committee on 5 July 2011;
- b) explained the Annual Governance Statement was a key component of the Council's governance arrangements and as such, those who were responsible for those arrangements must approve it.

The Strategic Director drew Members' attention to the Appendix A to the report, paragraph 14 'Emerging Issues' and corrected the typographical error it contained. She stated that an action plan would be created in respect of the areas identified and these would be monitored throughout the year.

**RESOLVED** that

- (1) the draft Annual Governance Statement (AGS) be approved;
- (2) The progress made with the actions from last year as set out in the action plan were noted for onward referral and final approval by the Policy, Finance and Administration Committee on 5 July 2011.

#### OS.10. THE FUTURE OF LOCAL PUBLIC AUDIT

The Head of Central Services submitted a report (copies of which had previously been circulated to Members) which set out the principles contained within a consultation document issued by the Department for Communities and Local Government (DCLG), entitled the Future of Local Public Audit. This document set out proposals for arrangements in relation to the appointment of external auditors and the role of local authority Audit Committee. Appended to the report was a proposed draft response to the consultation document which Members were invited to consider. The Head of Central Services advised that having regard to the length and complexity of the document the responses had focused on those areas of disagreement.

During discussion, some concern was raised about the term of appointment for an audit firm and a question was raised as to whether two five year terms as a maximum was too long. Reference was also made to whether an appointed auditor should provide additional audit-related or other services and the consequential impact that may have on audit fees. The Head of Central Services acknowledged these points and it was agreed that she liaise with the Member who had raised these points to review the relevant responses before submitting the document.

**RESOLVED** that

(1) subject to amendments, the proposed response as attached at Appendix 2 of the report be submitted to the DCLG as this council's response to the consultation;

(2) subject to any amendments to the responses to Questions 1, 24, and 35 following liaison between the Head of Central Services and Councillor Dungworth, together with any guidance being received from other stakeholders on a proposed response between the date of this meeting and the deadline of 30 June 2011, the Head of Central Services be given delegated authority in consultation with the Chair of this committee to update the response.

#### OS.11. INTERNAL REVIEW OF BENEFITS

The Head of Communities & Neighbourhoods submitted a report (copies of which had previously been circulated to Members) which set out how the control environment within the Benefits Service had improved, the current progress with outstanding recommendations and the steps being taken to ensure improvements continued to be made. The Head of Communities & Neighbourhoods added that the direction of travel for the service was improving and the Internal Auditors would be monitoring the implementation of the recommendations.

A brief discussion followed during which Members requested to be kept up to date on the progress in implementing the recommendations. A point was also raised that for future reports, a glossary of terms would assist members.

**RESOLVED** that.

(1) that the report be noted;

(2) to include regular reports in the Committee's work programme on progress with the Internal Audit recommendations for the benefit service.

#### OS.12. BENEFIT FRAUD PERFORMANCE 2010/11

The Head of Communities & Neighbourhoods submitted a report (copies of which had previously been circulated to Members) which set out the progress of the work in combating Housing and Council Tax Benefit fraud during 2010/11. He drew Members' attention to the performance comparison between 2009/10 and 2010/11 and the Committee was advised on how this compared against the global position.

**RESOLVED** That the report be noted.

[The Head of Welland Internal Audit Consortium and Ms C. Wood here left the meeting.]

### OS.13. OSA COMMITTEE WORK PROGRAMME FOR 2011/12

Members had before them the report of the Performance & Information Management Officer, appended to which was a draft Work Programme for 2011/12. The Committee was asked to consider the programme and finalise its content, and to give consideration to what performance management information it wished to have presented to it.

The Chairman proposed that the work programme be broken down into Task Groups, involving those Members who had an interest in the areas of work with a designated lead for each one. He added that he had consulted with the Leader and the Administration and sought their views which had been included within the draft. The Chairman suggested opening out the membership of the Task Groups to other Members providing no conflict of interest arose. Some concern was expressed over opening up the membership to outside the Committee and the Strategic Director advised that the Task Groups remain part of the Committee but that other Members could be invited to attend to give opinions and comments. It was pointed out that the Constitution already provided a model for scrutiny to co-opt or call witnesses to give evidence. Members concurred with this approach.

(1) that the Committee's Work Programme for 2011/12 be approved in accordance with the schedule appended to the report;

(2) that a Performance Management Information Task Group be set up comprising Councillors Dungworth and Moncrieff to consider the type of information to be presented to the Committee.

### OS.14. METHOD OF WORKING

Having regard to the Committee's Work Programme approved in minute OS13, Members considered the approach to the areas of work listed therein and the formation of Task Groups for specific areas of work.

#### **RESOLVED**

(1) that the following Task Groups be set up with the provision for co-option and call for evidence where appropriate:

(a) Audit Task Group: Councillors Dungworth, Manderson, and Sheldon

(b) Efficiency Agenda Task Group: Councillors Douglas, Dungworth, Lumley, Moncrieff, Sheldon, Slater

(c) Employment & Skills Task Group: Councillors Douglas, O'Callaghan, Slater

(d) Electronic Working Task Group: Councillors Douglas, Illingworth, Moncrieff, O'Callaghan, Sheldon, Wright

(2) that the issue of "dual hatted" Members be referred to the Standards Committee;

(3) that the scrutiny of other public bodies, e.g. NHS re-organisation, Melton Hospital, be included on the Committee agenda as and when appropriate and representatives be called to give evidence

(4) that footpaths and pavements be dealt with through the Leicestershire County Council Highways Forum

(5) that the policy approach to garage sites be referred back to the Community & Social Affairs Committee but that the suggestion be forwarded to the CSA Committee to survey how many of the garages are in fact used as garages and how many are either storage or empty..

[Councillor Sheldon here left the meeting at 7.37 p.m.]

#### OS.15. ANNUAL REPORT 2010/11

The Communications and HR Manager submitted the report of the Head of Communications which requested the Committee to review the Annual Report for 2010/11. Members were advised that a schedule of dates for the Task Groups set up under the previous item would be circulated to the Committee.

#### **RESOLVED**

(1) the dates and times of the Overview and Scrutiny Committee Task Groups be circulated at the next meeting;

(2) the Annual Report for 2011/12 be noted and referred to the Council for consideration.

#### OS.16. REVIEW OF MAYORAL ROLE

The Strategic Director submitted the report of the Head of Communications (copies of which had previously been circulated to Members) which contained the proposals put forward by the Councillors who had been involved in the review of the Mayoral role. The Strategic Director advised that the review group had spoken to a considerable number of former Mayors to inform their consideration and the proposals before the Committee were to bring a more structure approach to the role, remove any ambiguity, reduce the burden on staff time, and limit activity to a more realistic role.

Members consider the proposals and commented in particular on the need for both outgoing Mayor and incoming Mayor to be involved in budget monitoring at the start of the financial year as this did not coincide with the start of the municipal year. Whilst agreeing to the principle that the recipient of a Mayor's charity should bear the administrative burden, it was proposed that the wording of this proposal be amended to make that clear and to clarify the Council officer support would only extend to the ceremonial support in this context.

**RESOLVED** that

(1) the proposals put forward by the Councillors involved in the review of the Mayoral role be approved, subject to an amendment to proposal (e) to read: “the benefiting Mayor’s Charity to work in co-operation with the Council to provide administrative support for the fund raising process and that Council officer support will be for the ceremonial support of the Mayor”;

(2) the casting vote proposal be not pursued having regard to common law principles;

(3) the Mayor and Deputy Mayor be encouraged to access the Mayoral Diary electronically and the appropriate equipment be provided to enable this.

#### OS.17. URGENT BUSINESS

There was no urgent business.

#### **EXCLUSION OF THE PUBLIC**

**RESOLVED** that the Public be excluded during the consideration of the following item of business in accordance with Part 1 of Schedule 12A of the Local Government Act 1972 (Access to Information: Exempt Information under Paragraph 3.

#### OS.18. WATERFIELD LEISURE POOLS

The Strategic Director, the Head of Central Services, and the Head of Communities & Neighbourhoods submitted a joint report which requested the Committee to consider the award of the Management Contract and the development proposals prior to its submission to the Communities & Social Affairs Committee on 22 June 2011.

A lengthy debate took place on the contents of the report.

**RESOLVED** That the Community & Social Affairs Committee consider the two recommendations put forward by the Overview, Scrutiny & Audit Committee.

The meeting which commenced at 6.30 p.m., closed at 8.36 p.m.

Chairman