



GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

28 JANUARY 2014

PRESENT

Councillors M.C.R. Graham MBE (Chairman)
P. Cumbers, J. Douglas, A. Freer-Jones, M. M. Gordon, V. Manderson
T. Moncrieff, J.T. Orson, N. Slater

Head of Communications and Monitoring Officer
Head of Central Services
External Auditor from PriceWaterhouseCoopers
Head of Welland Internal Audit Consortium
Corporate Governance Officer
Admin Assistants

G.60. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M.R. Sheldon.

G.61. MINUTES

The Minutes of the Ad Hoc Meeting held on 21 November 2013 were confirmed and authorised to be signed by the Chairman.

The Minutes of the Meeting held on 27 November 2013 were confirmed and authorised to be signed by the Chairman.

G.62. DECLARATIONS OF INTEREST

Cllr J.T. Orson declared a personal interest in any item involving the Leicestershire County Council due to his role as a County Councillor.

Cllr. T. Moncrieff declared a personal interest in any item involving the Parish Councils due to his role as a Parish Councillor.

G.63. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations or reports submitted from other Committees.

G.64. UPDATE ON DECISIONS

The Chief Executive submitted a report (copies of which had previously been circulated to Members) which provided an update on decisions from previous Meetings of this Committee.

The report illustrated that all items documented had been addressed/resolved and there remain nothing outstanding.

RESOLVED that the report be noted.

G.65. UPDATE ON INTERNAL AUDIT PERFORMANCE REPORT QUARTER THREE

The Head of Consortium submitted a report (copies of which had previously been circulated to Members) which:-

- (1) Updated Members on the performance of the Consortium and on the development and delivery of the 2013/14 Audit Plan.
- (2) Provided Members with an opportunity to outline the Committee's assurance requirements for the coming year as part of the process of developing the 2014/15 Internal Audit Plan.
- (3) Requested Members' endorsement for the Internal Audit Protocol.

The Head of the Consortium provided a detailed update on the Internal Audit Plan and requested that Members scrutinise it. The Plan clearly illustrates that the Consortium are significantly behind schedule predominately due to the time spent on completing the 2012/2013 Plan as a result of staffing issues, training, coaching and due to the delivery of the Improvement Plan. The Improvement Plan received initial priority to comply with the Standards and to improve the quality of work delivered to the Council. Auditees have stated that reports are more transparent, better focused and there are evident improvements.

The Consortium are confident that they will deliver the Audit Plan for 2013/2014 and Improvement Plan by 31 March 2014.

The Head of the Consortium reported on the Council's Control Framework and there were no significant issues of concern raised as a result of cash handling, economic development, managing absence, provision of housing grants, tenancy fraud risks, waste management, recycling and Managing NFI.

As a result of the Improvement Plan, an Internal Audit Protocol has been developed and has been agreed by Management Team and 3rd Tier Managers alike. The Protocol will prove to be a useful mechanism for Managers, focusing on areas of importance to their specific Service Area by keeping Managers abreast of significant issues or on cases where findings are likely to lead to a negative opinion.

A draft of the Internal Audit Plan 2014/15 will be presented at the next Meeting of this Committee, Members were asked if they had any specific changes in

terms of allocation of resources between different types of risk (current categories are refined as Financial; Fraud; Governance and Performance, IT and Service Delivery) or whether they have are specific issues about where assurance would be valued.

A Councillor requested whether it would be feasible to incorporate a review of standby and responding to emergencies following the events of the weekend. The Monitoring Officer confirmed that this was raised during a Management Team Meeting on 27 January 2014 and is at present being pursued. The Head of the Consortium will forward formal wording on this and present to Management Team on Monday 3 February 2014.

A Councillor also added that there was a Resilience Officer present at the previous Parish Council Meeting.

RESOLVED that

- (1) The report be noted.
- (2) Emergency and standby procedures be incorporated into the Internal Audit Plan for 2014/15.
- (3) The Committee endorsed the Internal Audit Protocol.

G.66. EXTERNAL AUDIT PLAN 2013/14

The External Auditors submitted the 2013/14 Audit Plan (copies of which had previously been circulated to Members) which included an analysis of key risks, the audit strategy, reporting and timescales.

PwC provide assurance to the Governance Committee that they are independent External Auditors. Alison Breadon, Engagement Leader from PwC presented an overview of the Audit Plan which has been compiled in accordance with the Auditing Practice Board's Standards on Auditing. Regular contact is maintained with Melton Borough Council across the year via frequent meetings with the Section 151 Officer and Chief Executive to ensure PwC keep updated with Management's plans to mitigate risk.

The risks entitled Management Override of Controls and Risk of Fraud in Revenue and Expenditure Recognition are always incorporated into the plan in every organisation. Members were referred to the Risk entitled 'Meeting Financial Challenge' which is partially due to the national changes, in light of -

The Council Tax Freeze Grant;
Welfare Reform Act, the effects of the benefits cap and the universal credit;
Business rates retention

The other potential risk is due to the Changes to the Authority's Finance Team, which has undergone significant change (including the loss of key members of staff), in the last twelve months.

Members were referred to the Intelligent Scoping where the overall materiality is set at £615,000 and the clearly trivial reporting de minimis is set at £32,000. A

Member asked for clarification on whether the de minimis figure was adequate.

The Head of Central Service confirmed Management had elected not to adjust the de minimis figure (£32,000), this was the figure utilised in the previous year. Views from the Governance Committee were sought on the de minimis figure.

The Head of the Consortium also highlighted the Governance role and responsibility for Members in light of the Risk of Fraud. The Head of Consortium assured Members that there was a Fraud Strategy in place. The Head of Consortium stated that the fraud strategy would be reviewed during 2014/15 and a revised copy presented to Members for approval which would include the flowchart covering the procedure for reporting fraud.

A Member also brought to the meeting's attention that the Fraud Strategy forms part of the Constitution, however, it was suggested that it could refer to Members as well as employees.

The External Auditor informed the Committee that the Certification report on grant claims will be presented at the April Meeting.

RESOLVED that

- (1) the Committee agreed the de-minimis figure of £32,000 and the overall materiality limit of £615,000;
- (2) the External Audit Plan 2013/14 be noted.

G.67. **REFRESHED DATA QUALITY POLICY**

The Head of Communications submitted a report (copies of which had previously been circulated to Members) to provide for a refreshed Data Quality Policy.

The Corporate Governance Officer explained the Policy needed refreshing to take account of changes from Central Government in relation to localism, transparency and the abolishment of the CAA reporting regime. The refreshed Policy incorporates developments in the Council's partnership working with County and National Partners. The Policy will ensure that Members have a corporately aligned performance reporting system, developed through the Performance Management Task Group that is kept in line with legislative, regulatory and partnership requirements.

RESOLVED that

- (1) The Refreshed Data Quality Policy be adopted.
- (2) That the Head of Communications be given delegated authority to ensure the future revision of the Policy documents in line with legislation and best practice.

G.68 CODE OF CONDUCT - UPDATE ON PROGRESS

The Monitoring Officer submitted a report (copies of which had previously been circulated to Members) to update the Committee on the latest position with regard to standards matters including the Code of Conduct, the Registration of Disclosable Pecuniary Interests and other Interests and any complaints against Councillors dealt with under the Council's process.

The Monitoring Officer informed the Committee that work with the Parishes is ongoing to ensure interest forms are completed and accessible on the website. All Parish Councils have now adopted a Code of Conduct in line with the Localism Act.

The Monitoring Officer updated the Committee on the Complaints Process which has now been applied to 13 complaints to date.

The Monitoring Officer advised that in her regular meetings with the Independent Persons (Mr Grimes and Mr Tempest) they had stated that the code of conduct process is working well at Melton and the role of the Independent Person is well defined. The Independent Persons had attended a national seminar for Independent Persons and Mr Grimes sent for the Committee's information the following update.

"On 10 December 2013 together with Mr Len Tempest I attended a workshop to review the operation of the IP process over the last 18 months. The delegates were drawn from a wide range of Local Authorities. Feedback on the way that the new process was working was given by delegates. It was apparent that the standards regime within Melton Borough Council was working very well and the role of the Independent Persons was well defined. The process agreed locally was fully meeting the needs of both the Localism Act and giving assurance to the public that complaints were properly dealt with. In particular the written submissions given by the IPs were considered to be the best way of giving independent views to the committee. It was apparent that elsewhere there were difficulties in interpreting the IP's role and that the independence aspect may be compromised by exceeding the remit of the role and that some authorities seemed to be re-creating the former standards regime. Delegates were impressed with the arrangements at Melton BC and felt that that the processes and procedures that had been adopted were a good example of best practice. The regular meetings between the IPs and the Monitoring Officer were also held to be of great value."

A Councillor also wished to congratulate those involved in the work of the Code of Conduct and the Ad Hoc Governance Committee Meetings.

RESOLVED that the update on the position of standards matters including Parishes' Codes of Conduct, Registration of Disclosable Pecuniary Interests

and Other Interests and complaints against Councillors dealt with under the new system be noted.

G.69. CONSTITUTION UPDATE 2013-14

The Monitoring Officer submitted a report (copies of which had previously been circulated to Members) to consider Constitutional items for onward referral to the Council for noting or approval.

Members were asked to agree the following proposed items as detailed in the report at paragraphs 3.3, 3.4 and 3.5 and refer these to the Council for adoption :-

(a) it be noted that the Monitoring Officer had exercised her delegation for an amendment to the Contract Procedure Rules of the following revised OJEU thresholds which came into effect from 1 January 2014 and will apply for two years :-

Goods and Services

New threshold: £172,514 (was £173,934)

Works

New threshold: £4,322,012 (was £4,348,350)

(b) updated Delegations to Officers (Part 3) in light of the recent staffing restructure and other minor changes as set out at Appendix A.

(c) Members were referred to the Calendar of Meetings for 2014/2015 (Appendix B) and were asked to note that the Planning Meeting scheduled for the 22 May 2014 coincides with the Euro Elections and any change in date/venue will be reported to Members as soon as this is available.

A Councillor highlighted their concern in relation to the tight timing of the Policy, Finance and Administration Committee on 15 April 2015 and the Council Meeting on Wednesday 22 April 2015.

A further question was raised as to why one of the Full Council dates fell on Tuesday 16 December 2014. It was noted that these points would be looked into.

RESOLVED that the following items be referred to the Council for adoption:-

(1) it be noted that the Monitoring Officer had exercised her delegation for an amendment to the Contract Procedure Rules of the following revised OJEU thresholds which came into effect from 1 January 2014 and will apply for two years :-

Goods and Services

New threshold: £172,514 (was £173,934)

Works

New threshold: £4,322,012 (was £4,348,350)

(2) updated Delegations to Officers (Part 3) in light of the recent staffing restructure and other minor changes as set out at Appendix A.

(3) the proposed Calendar of Meetings for 2014/2015 as set out at Appendix B subject to any date/venue change for the Planning Meeting scheduled for the 22 May 2014 which coincides with the European Elections.

G.70. OFFICE OF SURVEILLANCE COMMISSIONERS - INSPECTION REPORT

The Monitoring Officer submitted a report (copies of which had previously been circulated to Members) to advise of the report of His Honour David Hodson, the Assistant Surveillance Commissioner relating to the review of management of covert activities undertaken by Melton Borough Council.

The Inspection by the Officer of Surveillance Commissioner took place on 6 August 2013. The findings of the report are complimentary towards the Council in terms of the training provided to relevant Officers and the Policy and Guidance Document.

RESOLVED that the report be noted.

G.71. URGENT BUSINESS

There was no urgent business.

The meeting which commenced at 6.30 p.m., closed at 7.10 p.m.

Chairman