



## GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

29 JUNE 2015

### PRESENT

Councillors P. M. Chandler (Chair)  
T. S. Bains; P. Faulkner; E. Holmes; J. Illingworth,  
J.T. Orson; J. Simpson; M.R. Sheldon

Chief Executive  
Head of Communications and Monitoring Officer  
Head of Central Services  
Head of Regulatory Services  
Internal Auditor – Local Government Shared Services (LGSS)  
Administration Assistant

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#### G.1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Glancy and Councillor Manderson.

#### G.2. MINUTES

The Minutes of the Governance Committee held on 31 March 2015 were confirmed and authorised to be signed by the Chair.

#### G.3. DECLARATIONS OF INTEREST

Councillor Orson declared a personal interest in any items related to Leicestershire County Council due to his position as County Councillor. He also declared a personal interest in any items relating to the Police and Crime Panel due to his role as Chair of the Panel.

#### G.4. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations or reports submitted from other Committees.

## G.5. 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 Chair methodically went through each item on the report and noted the following:-

Item 1. Internal Audit Annual Report - to remain on the list. An Introduction to External and Internal Audit Training Session was conducted prior to this Committee Meeting.

Item 2. Fraud Log - to remain on the list.

Item 3. Annual Governance Statement - Data Protection Training has been arranged for Members for 9 September 2015 at 5.30 pm

Item 4. Performance on Raising Orders - to remain on the list and be presented at the September Meeting of this Committee.

Item 5. Protective Marking - to remain on the list.

Item 7. Housing Benefit Processing and Performance Management - to remain on the list and be presented at the November meeting of this Committee.

Item 9. Award of Merit Scheme - to remain on the list.

Items 6 and 8 are to be removed from the list as they have both been completed.

**RESOLVED that the report be noted.**

## G.6. INTERNAL AUDIT ANNUAL REPORT

The Head of Welland Internal Audit Consortium submitted a report (copies of which had previously been circulated to Members) to satisfy 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 report should be utilised to inform the Council's Annual Governance Statement and to advise the Committee and Senior Management on the adequacy and effectiveness of the internal controls. The Head of the Welland Internal Audit Consortium's annual opinion is based upon the outcomes of the various audit assignments delivered by the Internal Audit Team during the financial year, from the risk based audit plan. In forming the opinion the Head of Internal Audit considers the relative materiality of all findings and actions taken by management to address any control weaknesses highlighted.

Based upon the work completed by Internal Audit during 2014/2015, sufficient assurance is given that there is generally a sound system of internal control and controls are generally operating effectively in practice. This level of assurance reflects that the control framework includes key controls which promote the delivery of corporate and service objectives but some lapses or inconsistencies have been identified. This opinion is consistent with that of 2013/14 and does not reflect significant or extensive control weaknesses. Whilst four Limited Assurance reports have been issued during the year, based upon the responses from management and the action plans in place the assurance opinion remains at a level of Sufficient Assurance.

Members were referred to Appendix A to the report which provides a copy of the full Annual Report which explains the assurance opinion and the basis for this. The opinion is set out in full and featured on page two. Page three provides a detailed summary of the assurance opinion and the basis for this.

Members were referred to the summary of all assignments completed during 2014/15 provided in Appendix 1 of the report (pages 10 - 17). Where a limited assurance opinion has been given, an update on progress made and action plans in place have also been provided.

Tables 4 and 5 on page 6 provided details on the implementation of actions from audit reports. These demonstrate that 94% of those actions from 14/15 reports which were due for implementation have been completed by Officers. Three actions were overdue and these remain under review by Internal Audit and details of implementation will be provided to the Committee as part of the progress reports.

Also included within the Annual report is an overview of the performance of the Internal Audit service. One hundred percent of the Audit Plan for 2014/15 has been delivered, which is a marked improvement on previous years. The total days delivered by the Consortium exceeded that commissioned by the Council, partly due to catching up on delivery of audits from the previous year.

Performance against the Key Performance Indicators for Internal Audit are provided on page 8 on the report. This highlights good performance against the targets set. Whilst delivery at the end of March was below the target 90% this was due to the Council's request to delay certain work on financial systems until March; all assignments have since been delivered.

Finally, the Public Sector Internal Audit Standards require an annual assessment against the Standards to ensure that the service is operating effectively and in accordance with best practice. The assessment has been completed against the Standards which is provided in Appendix 2 of the report, page 19. This concluded that the service is operating in compliance with the standards and all actions from the external assessment in 2013 have been implemented.

One action, that has been documented is to further develop and ensure that Members receive sufficient information to exercise their roles and responsibilities and to ensure further details are provided in relation to audit findings and the implementations of actions. This will be incorporated within progress reports.

The Committee was asked to receive and note the report and the annual opinion.

All recommendations were moved by Councillor Orson and Councillor Holmes seconded.

**RESOLVED** unanimously that the Annual Internal Audit Report and Assurance Opinion for 2014/15 be received and noted.

G.7. INTERNAL AUDIT PROGRESS REPORT AND TRAINING PROPOSALS 2015/16

The Head of Consortium submitted a report (copies of which had previously been circulated to Members) to enable Members to monitor the performance of the Welland Internal Audit Consortium in delivering the Council's Internal Audit Service during the current financial year. This is a key role of the Council's "Audit Committee".

This is the regular report on progress made by the Internal Audit Team in the delivery of the current year audit plan.

As at the time of reporting, one audit report had been finalised, one draft report had been issued and work was underway on a further six assignments. As such 13% of the audit plan had been delivered to draft report stage against the 90% target for the end of March 2016, demonstrating a good start to the year.

A summary of the position on each audit assignment within the plan is provided in Appendix 1, page 5 of the report. Since this was written, further progress has been made and the fieldwork completed on the IT Help Desk audit and fieldwork is underway on the Wheels to Work Audit.

The report which had been finalised was in relation to Procurement Cards. A summary of the key findings is provided in section 2.5 on page 3 of the progress report. Based upon the testing completed, this was awarded a substantial assurance opinion. Compliance with good practice was identified in a number of key controls operating to manage the Council's procurement card scheme. Evidence to support transactions was readily available during testing and the issuing of cards included a requirement to accept the terms and conditions of use. Evidence of authorisation procedures was available and demonstrated consistence compliance in sample testing.

Each progress report includes an update on the implementation of actions arising from the report. Members were referred to Appendix 3, that clearly illustrates that since the last Committee Meeting, management have implemented five audit actions. There are currently four actions which are overdue for completion. One of these is high priority and has been overdue for more than three months, as such full details have been provided in Appendix 4. Revised dates have been set for all overdue actions and these are all due to be delivered before the next meeting of this Committee. An update on this will be provided in the next progress report.

At the end of each audit assignment, a customer satisfaction questionnaire is issued to the relevant managers. All responses received during the last quarter

have assessed the Internal Audit delivery as good or outstanding, as shown in Appendix 2.

Also included within this progress report, is a section on Committee Training. In November, 2014 a paper was presented to the Committee on training sessions which could be provided with the objective of agreeing a new training schedule. The Committee agreed at the time that one session should be delivered and then the full training schedule would be reviewed and agreed following the AGM.

Members were invited to discuss training provisions for the year ahead and a list of potential topic areas:-

- Audit Committee Effectiveness
- Assurance and Independent Assurance
- Corporate Governance
- An Introduction to Internal Audit - Delivered prior to this Committee Meeting

A training session on Risk Management has been scheduled for 29 September 2015 at 5.00 pm pre Committee Meeting. The provisions of the Committee Training will be discussed at the next meeting.

All recommendations were moved by Councillor Sheldon and Councillor Simpson seconded.

All Members were unanimously in favour.

**RESOLVED** that:

1. Unanimously the report and progress made by the Internal Audit Team in delivery of the Audit Plan be noted.
2. A revised programme of Committee Training sessions be discussed at the next Meeting of this Committee.

#### G.8. FRAUD LOG

The Head of Consortium submitted a report (copies of which had previously been circulated) to update Members on the impact of fraud on the Council in 2014/15; on the arrangements for the reporting and investigating fraud.

In accordance with the Council's Counter Fraud Strategy, Council Officers report any suspicion of fraud to the Head of Internal Audit who maintains a log of these and requests updates on actions taken to recover monies and address any exposed control weaknesses. On an annual basis, this log is presented to the Governance Committee for information.

This only includes non-benefit related frauds. The Council has a dedicated Benefits Investigation Officer who is responsible for monitoring and investigating all benefits related fraud. This fraud log focuses upon all other corporate frauds.

Members were referred to Table 1 in Appendix A which provides details of the four reported cases during 2014/15.

The Head of Internal Audit is satisfied that in all cases the Council Officers took appropriate action to prevent losses and recover any monies where appropriate. Overall, this is encouraging in that the Officers have reported the frauds in accordance with the fraud response plan and have identified issues before financial losses have been incurred wherever possible.

During February and March this year, Fraud Awareness training was provided which was mandatory to all Melton Borough Council staff. This should further raise awareness of staff's role and responsibilities in preventing, detecting and reporting fraud and an understanding of the corporate fraud risks facing the Council.

**RESOLVED that the report be noted.**

#### G.9. ANNUAL GOVERNANCE STATEMENT

The Monitoring Officer and S151 Officer submitted a report (copies of which had previously been circulated to Members) which explains the requirements for the Council to produce an Annual Governance Statement (AGS) and requests the Committee to approve it;

The Annual Governance Statement is a key component of the Council's governance arrangements. As such, those who are responsible for those arrangements must approve it.

The Accounts and Audit (England) Regulations 2011 requires the Council to conduct a review at least once a year of the effectiveness of its systems of internal control and publish an Annual Governance Statement with the Council's financial statements to ensure its business is conducted in accordance with the law and proper standards, that public money is safe-guarded, properly accounted for and used economically, efficiently and effectively.

Members were referred to the Annual Governance Statement (AGS) set out at Appendix A which complies with CIPFA/SOLACE Framework.

The Monitoring Officer highlighted the following areas which have been identified for further action, monitoring and review:-

- i. Uncertainty and risks over the future government funding and the resultant impact on the Council's finances;
- ii. Waste Management Services; this is considered a key area of focus prior to the new contract;
- iii. Leisure Vision Project;
- iv. Debt generation and collection;
- v. Delivery of transformation, difficult interplay of channel and behaviour shift and various project/IT resource needs/culture.

Members were then referred to the Emerging Issues Summary featured at Appendix B that identifies issues carried forward from 2014/15.

**RESOLVED** that:

The Committee unanimously approved the Draft Council's Annual Governance Statement and noted the progress from the Action Plan from 2014/15 and compliance grid as required under the Data Quality Framework.

#### G.10. RECONSTITUTION OF TASK GROUPS

##### **Award of Merit Task Group**

The Committee were asked to reconstitute and appoint Members to the Award of Merit Task Group which usually includes the current Mayor and Deputy Mayor.

The following Members were appointed to the Award of Merit Task Group:-

Councillor P Chandler  
Councillor J Douglas (Mayor)  
Councillor E Holmes  
Councillor J Illingworth  
Councillor S Lumley (Deputy Mayor)

It was agreed that both Councillor Wyatt and Cumbers be invited to be Members on the Award of Merit Task Group.

There was a great deal of discussion relating to these Awards being held in partnership with the Melton Times Awards. It was agreed the Task Group would make contact with the Melton Times and explore this option further.

Members were asked to consider and agree the terms of reference in respect of the Mayor's Awards taking into account the Committee's request to amend Rule 7.

Rule 7: Councillors on the Award of Merit Task Group may not support a candidate they have nominated.

It was requested that Rule 7 be amended in order to permit a Member of the Task Group who has nominated a candidate to participate in the scoring assessment of that the nomination. The reason given, that in practice, the current rule disadvantages that candidate as they receive one set of scores less than the other candidates due to the Member not being able to score on a candidate they have nominated.

It was agreed that Rule 7 be replaced with the following sentence:-

A Councillor may not score for a candidate for whom they have nominated; the scoring will be amended accordingly to reflect this.

It was also agreed that the age criteria for the Young Citizen Award be amended it currently stipulates 'Must be 18 years of age or under' to read 'Must be 25 years of age or under'.

### **Performance Management Task Group**

Members were then asked to appoint Members to the Performance Management Task Group. The following five Members were appointed:-

Councillor P Chandler  
Councillor E Holmes  
Councillor J Illingworth  
Councillor J Orson  
Councillor M Sheldon

### **RESOLVED** that

1. It was unanimously agreed that the following Members be appointed to the Award of Merit Task Group:-

Councillor P Chandler  
Councillor J Douglas (Mayor)  
Councillor E Holmes  
Councillor J Illingworth  
Councillor S Lumley (Deputy Mayor)  
Councillor P Cumbers  
Councillor J Wyatt

2. That Rule 7 be replaced with the following sentence:-

A Councillor may not score for a candidate for whom they have nominated; the scoring will be amended accordingly to reflect this.

That the age criteria for the Young Citizen Award be amended it currently stipulates 'Must be 18 years of age or under' to read 'Must be 25 years of age or under'.

3. The Award of Merit Task group considers working in partnership with Melton Times.
4. Award of Merit Task Group: Terms of Reference agreed subject to the amendments set out in resolutions 1,2 3 and 4.
5. It was unanimously agreed that the following Members be appointed to the Performance Management Task Group:-

Councillor P Chandler  
Councillor E Holmes  
Councillor J Illingworth  
Councillor J Orson  
Councillor M Sheldon



6. The terms of reference in respect of the Performance Management Task Group are accepted.

G.11. A TOWN AREA COMMITTEE FOR MELTON MOWBRAY

The Chief Executive presented a report (copies of which had previously been circulated to Members) requesting consideration of the formation of a Town Area Committee for Melton Mowbray.

An Area Committee for Melton Mowbray would cover all the Town Area Wards. These wards are Craven, Dorian, Egerton, Newport, Sysonby and Warwick. All Councillors holding seats following the Election will sit on the Committee. The Committee will not be politically balanced and will consist of 15 Members. The Council's current substitute arrangement will not apply.

This new Committee will effect and overlap some of the functions currently being carried out by the Community and Social Affairs Committee, who would however, have its own set of Delegations.

The establishment of a new cross cutting Policy Committee of this nature will have an impact on the Council's resources and capacity, which is currently under review. The current distribution of Committees effectively utilise all relevant resources which can be allocated to the new Committee. These arrangements are: Policy Finance and Administration Committee is dealt with by Central Services; Rural Economic Environmental Affairs Committee and the Community Social Affairs Committee are dealt with by Communities and Neighbourhoods; Planning and Licensing are dealt with by Regulatory Services and the Governance Committee is dealt with by Communications.

There will be reports going to PFA followed by Full Council to look at the Constitution and allowances relating to the Town Area Committee.

A number of Councillor's expressed that this Committee is well over due and we need representatives from the town in the Council.

A Member requested that this Committee be reviewed after 12 months to reflect its effectiveness.

**RESOLVED that:**

1. The Policy Finance and Administration Committee be recommended to propose to Full Council the establishment of a Town Area Committee for Melton Mowbray covering the Wards of Craven, Dorian, Egerton, Newport, Sysonby and Warwick.
2. The Constitution Part 3 - Delegation of Functions be amended to include specific delegations to the Town Area Committee together with

amendments to the delegation to the Community and Social Affairs Committee as set out in Appendix 1 and 2 of this report.

3. A report be made to Policy Finance and Administration Committee later in the year to assess the resources and capacity needed to support the new Committee.

#### G.12. CODE OF CONDUCT UPDATE

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 provided an update on the Disclosable Pecuniary Interests Forms and reiterated that following the Borough Elections, each Borough and Parish Councillor is to complete a Disclosable Pecuniary Interest Form within 28 days of their Election. Each Parish Councillor has now been written to at their home address enclosing the form for completion. It is hoped this approach will encourage their urgent attention.

Members were referred to the table which illustrates the Members Complaints currently in progress; where the complaints are against people who are no longer Councillors following the Elections this will be discussed at Item 16 of the Agenda.

The Monitoring Officer confirmed that she continues to meet on a regular basis with the Independent Persons to discuss any issues and generally keep up to date on standards matters.

**RESOLVED** unanimously that the report be noted.

#### G.13 MEMBERS CODE OF CONDUCT IN RELATION TO PLANNING MATTERS

The Head of Regulatory Services presented a report (copies of which had previously been circulated to Members) addressing issues raised regarding Ward Member involvement in planning decisions.

Councillor Orson explained how he sometimes attends the Planning Committee Meetings and sits in the public area which gives a different perspective of a meeting. This has prompted him to raise this concern to ensure Members of the Committee who are also Ward Councillors are not open to a challenge in the future. The reports details his experiences and observations under key issues at 3.1 if the report.

As a result it was agreed that a review of the Code of Conduct for Members dealing with Planning Matters in respect of the Planning Committee. The report was intended to provide background information on this subject. Members were referred to the changes set out at Appendix A, Paragraph 4.7.

Following discussions the Committee agreed to defer this item for further discussions at a future Governance Committee Meeting to which all Members will be invited to attend.

The Head of Regulatory Services was asked to contact neighbouring Local Authorities for alternative approaches and for Best Practice purposes to identify their approach.

**RESOLVED** that the updates to the Constitution were deferred for further discussion at a future meeting of the Committee, to which all Members would be invited to contribute.

#### G.14 CONSTITUTION UPDATE

The Monitoring Officer submitted a report (copies of which had previously been circulated) to consider items relating to the Council's Constitution for onward referral to the Council for approval.

The Constitution is a living document, any additions or changes are brought to the Committee's attention as soon as these come to light to enable the Council's work to move forward and the Constitution to be as up to date as possible.

All recommendations were moved by Councillor Illingworth and Councillor Bains seconded.

The motion to refer the recommendations for amending the Constitution to the Full Council for approval and inclusion in the Constitution was carried.

**RESOLVED** that the following changes to the Constitution be referred to Full Council for adoption :-

1 The changes to the 'Arrangements for Site Inspections for Planning Applications' as set out in the report to the Planning Committee at Appendix A which sets out the proposed changes to Appendix 3 of the Site Inspections Protocol. This document sits within the Code of Conduct for Members and Officers dealing with Planning Matters.

2 A new Officer Delegation to the Head of Central Services in consultation with the Head of Communities and Neighbourhoods being item 73 as follows :-

*'In consultation with the Head of Communities and Neighbourhoods to adopt local business rate relief schemes, where it is in the interest of local businesses and the Council to do so, following guidance from Central Government.'*

3 A new Officer Delegation to the Head of Communities and Neighbourhoods being item 84 as follows :-

*'To approve the opening of additional toilet facilities for key events in the town centre as designated by Members or additional events where it is considered there is a need that should be filled through the council.'*

- 4 A transfer of an Officer Delegation no. 17 from the Solicitor to the Council which as follows :-

*'17 To administer, effect and make all necessary decisions in respect of the Sale of Council Houses under the Right to Buy Scheme.'*

and transfer the above Officer Delegation to the Head of Communities and Neighbourhoods in consultation with the Solicitor to the Council and this be item 85 and read as follows :-

*'In consultation with the Solicitor to the Council to administer, effect and make all necessary decisions in respect of the Sale of Council Houses under the Right to Buy Scheme.'*

#### G.15. URGENT BUSINESS

There was no other item that the Chair considered 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 Paragraphs 1 and 2.

#### G.16. OUTSTANDING COMPLAINTS

Following discussion it was resolved that the outstanding complaints be dealt with as set out in the report.

All agreed that the meeting was out of Exempt session.

The meeting which commenced at 6.30 pm, closed at 9.18 pm.

Chair

