



GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

31 March 2015

PRESENT

Councillors M.C.R. Graham MBE (Chairman)
J. Douglas, A. Freer-Jones, M. M. Gordon, V. Manderson
J.T. Orson, M.R. Sheldon

Chief Executive
Head of Communications and Monitoring Officer
People and Place Manager
Internal Auditors – Local Government Shared Services (LGSS)
Administration Assistant

G.61. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Cumbers and Councillor Moulding.

Councillor Horton had been nominated as a substitute for Councillor Moulding but did not attend.

G.62. MINUTES

The Minutes of the Governance Sub Committee 1 held on 6 November 2014 were confirmed and authorised to be signed by the Chairman.

The Minutes of the Governance Committee Meeting held on 11 February 2015 were confirmed and authorised to be signed by the Chairman subject to the following amendments being incorporated:-

- i. G.52. Annual Audit Report 2014/15 - 7th paragraph the spelling of `sort` to be amended to `sought`
- ii. G.59. Constitution update 2014-15 – resolution 2.3 last sentence should read `The PF&A Minutes from the 1 December 2015 and the Planning Minutes from the 9 December 2015 must be available for the Full Council Meeting due to held on the 16 December 2015.`

G.63. DECLARATIONS OF INTEREST

Councillor Orson declared a personal interest in any items relating to Leicestershire County Council due to his role as County Councillor. He also declared a personal interest in item G71. Award of Merit as one of the nominees was a personal friend.

Councillor Sheldon declared a personal interest in item G71. Award of Merit as one of the nominees was a personal friend.

G.64. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations or reports submitted from other Committees.

G.65. UPDATE ON DECISIONS

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

The Chairman methodically went through each item on the report and noted the following:-

Item 1. Internal audit Annual Report – to remain on list

Item 4. Fraud Log – to remain on list

Item 5. Annual Governance Statement – to remain on list

Item 8. Performance on Raising Orders – to remain on list

Item 9. Protective Marking – to remain on list

Item 10. Planning Committee, Role of Committee Member and Ward Councillor – to remain on list

Items 2,3,6,7 are all to be removed as they have all been completed.

Special thanks were expressed to Ex Councillor Slater for his involvement and persistence in ensuring a card detailing the emergency out of hours numbers for Members to use had been created and issued. (Item 7 on the update list).

All moved to note the report

RESOLVED that the report be noted

G.66. INTERNAL AUDIT PERFORMANCE MONITORING REPORT

The Internal Auditor – Local Government Shared Services (LGSS) submitted their report (copies of which had previously been circulated to Members)

The progress achieved in delivering the 2014/15 Plan is set out in Appendix A. As at April 2014 the Consortium had only delivered 48% for the previous year's plan, whereas in April 2015, 100% of the plan will be delivered to at least draft report stage, in accordance with the objectives set for LGSS on management of the consortium.

The table in Appendix 2 provides details of the status of each of the assignments from the 2014/15 Audit Plan, as at the time of reporting.

Due to the reporting timescales, 2 further audits have been completed since the progress report had been written and fieldwork on the final 2 assignments is substantially complete. The field work on these had been delayed until after the 9 March 2015 by client request to avoid the annual billing period. The key findings from all remaining reviews will be presented at the next Governance Committee meeting.

Since the last Governance Committee meeting, the following reports have been finalised in relation to:

- i. Management of Capital Projects – this is summarised on page 4 of Appendix A. This received an overall assurance opinion of Sufficient Assurance.

The audit reviewed the framework of controls in place to ensure that capital projects are well managed, subject to appropriate governance and reporting arrangements, achieve `Value for Money` and are in accordance with the objectives of the Council. A sample of capital projects at various stages of completion were covered within the testing. The Council's contract register was also reviewed to confirm whether contracts arising from capital projects had been suitably recorded.

A number of areas of good practice were identified including:

- Project Management Toolkit which is available to all staff and provides clear, directive guidance in a format that follows the project lifecycle from start to finish.
- All projects reviewed had set objectives in line with the Council's corporate plan and had an appropriate needs assessment before the project progressed to the delivery stage.
- Clear monitoring and review arrangements for capital projects through the Programme Board.
- Access to the Welland Procurement service for advice of which staff were aware.
- In-house training on project management is offered to all project managers, however, staff awareness of this training could be further developed as attendance had been low.

Management have agreed actions to further improve controls including consistent use of project plans and appropriate training for all project managers as not all projects had detailed project plans or risk registers.

The completeness of the Contracts Register requires improvement, however, no formal recommendation has been made on the basis that an action to address this has already been agreed in another recent audit and will continue to be followed up with formal monitoring by Internal Audit.

- ii. Measures to Prevent Employment Related Fraud – This is explained on page 3 of Appendix A. This received an overall assurance opinion of Limited Assurance.

No evidence of fraud was identified during the review, however, it was highlighted that the measures in place to prevent and detect any attempts at such frauds could be strengthened and made more robust.

The Council requires recruiting managers to check evidence of identity, eligibility to work in the UK and qualifications for new starters, but these checks should be reviewed to ensure they are suitably robust and consistently enforced and recorded.

Disclosure and Barring Service checks are also conducted where appropriate and it is recommended that, where relevant, the outcome of these should be subject to a risk assessment and formal agreement to proceed where an offence is identified. Management are looking at how this can be evidenced in the future due to the highly sensitive nature of this information. A suggestion has been made for a check list to exist to show that the DBS has been received, the result considered and if necessary that a positive response has been considered by Human Resources with the Head of the Service but no indication would be given as to whether a positive or negative outcome was received. These discussions take place at present but are not formally evidenced or included in guidance.

Controls for overtime and travel claims for existing staff were also reviewed and some areas for further development were highlighted. This included clarification around home to work deductions and processes to ensure the consistent application of overtime rates. Confusion had occurred over Sunday Overtime rates but this was not due to fraud. This will be addressed by clarification within overtime claim form by introducing automated rates within the Pay roll system. At the time of the audit, the Council's policy on reimbursement of travel costs had not been finalised but this has since been completed and issued. Management will be addressing the audit findings by clarifying the home to work deduction process in this new policy.

Further findings were identified in relation to sickness and flexi time. These have been brought to the attention of the management in a separate briefing note, as whilst not included in the risk areas, they merited management attention.

Management have agreed actions to address all key findings both in within the report and supporting note, and Internal Audit are assured that these are being promptly progressed. Implementation of the actions will be monitored and reported upon as poart of the standard Internal Audit procedures.

Copies of all internal audit reports are available to Members and can be requested from Dawn Garton, Head of Central Services or Rachel Ashley-Caunt, Head of Internal Audit.

At the time of reporting, there were 2 audit recommendations which had not been completed and were overdue for implementation. Updates have been provided by both managers. Revised dates have been agreed and will be subject to on-going review by Internal Audit. An overview of the actions is provided in Appendix 4, pages 10 and 11.

All customer feedback received during the last quarter has provided ratings of good or outstanding for all elements of the audit service and these are detailed in Appendix 3, page 9.

All agreed to note the report.

RESOLVED that the report be noted.

G.67. INTERNAL AUDIT PLAN 2015/16

The Internal Auditor – Local Government Shared Services (LGSS) submitted a report (copies of which had previously been circulated to Members)

The proposed Internal Audit Plan for 2015/16 has been developed using the approach which Members had approved at the November Governance Committee.

Following individual meetings with senior management, a consolidated list of potential audit assignments was presented at the Management Team meeting for assessment, refinement and prioritisation. The draft audit plan arising from this is provided in Appendix A. The total number of days commissioned by the Council has been taken into account in refining and prioritising the plan to focus upon key risks within the resource available.

In accordance with the Public Sector Internal Audit Standards this plan is for review and formal approval by the Committee.

It should be noted that LGSS have a form of Audit approach which involves `embedded assurance`, whereby, they will work with a project from the start to advise on processes at various stages rather than only reviewing the project at the end. During this time they still maintain their independence but provide assurance throughout the process. Examples of this are included in the Plan for some key projects.

The Plan can be flexible and will be reviewed during the year to ensure it still focuses upon the Council`s key risks.

It was confirmed that the Contract Register was not listed on the 2015/16 Plan as it had instead been incorporated within the recent audit of Management of Capital Projects to provide Members with assurance in this area.

All agreed to approve the Internal Audit Plan 2015/16.

RESOLVED that the Internal Audit Plan 2015/16 is approved.

G.68. UPDATE OF BENEFITS PERFORMANCE

The Head of Communities and Neighbourhoods submitted a report (copies of which had previously been circulated to Members) which was presented by the People and Places Manager.

Appendix 1 was explained and clarified as required:

Page 1 – it was confirmed this was dealing with all new claims. The variance figure against target for November ` -2 ` could be explained due to staff changes and sickness of staff. Due to the small size of the Council these changes can have large effects.

Page 2 – Melton Claim accuracy - it was confirmed that the targets had been realistically set and had been gradually increased over the year. There are financial implications if the accuracy of the benefit processing do not meet the targets as they will be picked up by Audit.

Page 4 – Processing times of Housing Benefit changes 2014-15. This is where there are changes in circumstances for a claimant. This is considered the most important to ensure that the processes are functioning efficiently and accurately, as any error could result in overpayments or underpayments to claimants. If these changes are not dealt with in a timely and accurate manner they can cause significant problems for the claimants, including creating additional debt for them when they already can be struggling financially.

Page 5 – Quality Assurance Checks – It was clarified that BO is `Back office` and CSC is `Customer Service Centre`.

Page 6 & 7 – showed a summary of the raw figures for 2014-15 and 2013-14. When these are compared the improvements made can be seen. The figures for all new claims and changes of circumstances for the month of September are to be double checked as there seemed to be an inaccuracy.

Appendix 2 – This is the report into Housing Benefit subsidy claims from External audit carried out for 2013/14 to ensure there was no fraud or error. The Council has been noted as Qualified. However, the position is much improved from the previous year with a financial implication negatively of £2,000 having to be returned to DWP. The position is much more positive financially than 2012/13 year where the figure was in the region of £20,000 although more work is needed in relation to performance and reductions in errors.

A robust action plan is in place including a detailed training plan and framework has been developed for staff. Training is currently taking place using the expertise of an external benefit training company. The training budget of £10,000 to train the staff in relation to improving accuracy and decision making will be used from the Corporate Training budget.

The targets have realistically been set taking into account the training being undertaken and the number of benefit cases. The impact of universal credit and any announcements in changes to benefits which may be announced after the election may see an increase in the number of cases received going forward.

The Council is taking part in The Fraud and Error Reduction Incentive Scheme (FERIS). Overpayments relating to fraud attract a 40% subsidy. Therefore we need to ensure that where fraud is detected we ensure we are proactive on collecting overpayment. For example if a fraud was detected of £100 the Council would keep £40. Local Authorities on average collect 67% of overpayments. Due to the recent new Oracle Debtor system upgrade we are unable to report an accurate figure for the Council at the present time, however, this will be reported to a later meeting when available. Any income

received from the Government under this scheme will be invested into new software packages or improving existing ones to enable the risk of each claim to be shown automatically when input and improving the processes alongside these. This however, could result in an increase in suspended benefit claims and a robust mechanism will need to be in place to deal with these.

All agreed to accept the recommendations with the addition of
`that a 6 monthly review to be undertaken and brought to the November meeting of this Committee`

RESOLVED that:

2.1 the Committee note the current performance of benefit processing as detailed in Appendix 1.

2.2 the Committee note the audit findings reported by PWC (external auditors) as set out in Appendix 2.

2.3 a 6 monthly review is undertaken into Housing Benefit processing and performance management with a report to be brought to the November meeting of this Committee.

G.69. CODE OF CONDUCT UPDATE

The Monitoring Officer submitted a report (copies of which had previously been circulated to Members) which updated 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.

Work with the parishes is on-going to ensure all Parish Councillors` Registration of Disclosable Interests and Other Interest Forms are completed and available the website.

A letter has been received from LRAC advising they have received two consecutive qualified audits for the years 2012-13 and 2013-14 regarding Buckminster Parish Council. The Monitoring Officer will write to them requesting reminding them of their responsibilities in this respect. This was supported by the Committee.

There are 10 complaints in process with a further one having been received since the report was submitted.

Confirmation has now been received from Bottesford Parish Council that they will be taking `no further action` on the recommendations of the Governance Sub Committee 1 held on 1 May 2014. As they consider they have already received appropriate training. The Monitoring Officer confirmed that under the present legislation the Council has no authority to insist Parish Councils act on any recommendations made.

The Independent Persons continue to meet on a regular basis with the Monitoring Officer. They are also involved in meetings with the Leicestershire group of Monitoring Officers which provides an opportunity to share experiences and learning with others in the same role. They attended such a meeting on 6 March 2015 at Harborough District Council.

The Full Council at its meeting on 25 February 2015, approved an annual allowance of £300 to the Parish Representatives to recognise their role in dealing with Parish Councillor complaints under the Localism Act. The sum was to compensate them for the time involved in attending meetings, considering and reading reports for Sub Committee meetings As well as being suitably trained in the Code of Conduct and the Complaints process.

One Parish Representative who had made a contribution to the function to date, has been awarded an additional one-off sum of £300 to compensate for the work done previously.

All agreed to the recommendations with the addition of the following:

2.2 to Support the Monitoring Officer in their role to contact the Parish Council regarding Audit reports.

2.3 to ask the Monitoring Officer to write to the Independent Persons expressing the Committee`s gratitude for the work they carry out.

RESOLVED that:

2.1 the update on the position of standards matters including Parishes` Registration of Disclosable Pecuniary Interests and Other Interests and complaints against Councillors dealt with under the provisions of the Localism Act is noted.

G.70. CONSTITUTION UPDATE 2014-15

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

It was explained that some of the changes listed, related to delegations which were required to enable the Management Team to operate and make decisions on `business as usual items` when the Chief Executive did not attend the meeting.

Confirmation was given that hard copies of papers for meetings were still legally required to be sent to all decision members, in response to a query of the amount of paper this report contained and the Council was aiming to be `paperless`.

All agreed that the recommendations be accepted.

RESOLVED that:

2.1 the following updates to the Constitution and those agreed be referred to the Full Council for adoption :-

(a) To agree the additions, shown in red, to the General Delegations in connection with Staffing Matters within Part 3 at page 5 of the Officer Delegations as detailed in para 3.3 below.

- (b) To agree the changes to the ICT Protocol for Members set out with tracked changes in Appendix A;**
- (c) To agree the changes to the Contract Procedure Rules as set out in paragraph 3.5 and the tracked changes in Appendix B;**
- (d) To agree adding the Corporate Governance : CIPFA/SOLACE Framework previously approved by the Policy, Finance and Administration Committee in January 2008 to the Council's Constitution as set out at Appendix C;**
- (e) To agree the changes to the Officer Delegations relating to Planning Applications as set out with tracked changes at Appendix D;**
- (f) To agree the changes to the Members' Allowances Scheme to take account of the Parish Representatives allowance approved by Full Council on 25 February 2015 (Appendix E);**
- (g) To agree changes to the Officer Delegations with regard to staffing matters to enable Management Team to make operational decisions without reference to the Chief Executive as set out with tracked changes in Appendix F;**
- (h) To agree changes to the Financial Procedure Rules to enable Management Team to operate without reference to the Chief Executive as set out with tracked changes in Appendix G;**
- (i) To agree changes to the Financial Procedure Rules to amend the limits to bring them into line with the current arrangements and to reflect the time value of money;**
- (j) To agree a new delegation to the Head of Communities and Neighbourhoods relating to Car Parking Orders as follows :-**

In consultation with the Head of Central Services authority to make new car parking orders or variations to existing car parking orders required as a result of changes to car parks approved by policy committees including undertaking the necessary public consultation and the consideration of objections received as a result. Objections considered as contentious by the Head of Communities and Neighbourhoods will be reported to the appropriate Committee for consideration. The delegation to include changes to the layout, change of use, tariff or acquisition or disposal of a car park.
- (k) To agree that the following Head of Central Services Delegation (item 64) is transferred to the Head of Communities and Neighbourhoods :-**

To make orders prohibiting the parking of heavy goods vehicles in front gardens

EXCLUSION OF THE PUBLIC

It was agreed by all Members that the exempt appendix to the next item G.71 (copies of which had previously been circulated to Members) would not be discussed and therefore item G.71 could be dealt with in normal session and the public could remain.

G.71. AWARD OF MERIT SCHEME: AWARDEES 2014/15

The Head of Communications, on behalf of the Award of Merit Task Group, submitted a report (copies of which had previously been circulated to Members) which presented the Task Group`s recommendations.

A request had been received from Councillor Wyatt as The Mayor and Chair of the Award of Merit Task Group, for the Committee to consider amending rule 7 in order to permit a member of the Task Group who has nominated a candidate to participate in the scoring/assessment of that nomination. The reason given that, in practice, the current rule disadvantages that candidate as they then receive one set of scores less than other candidates due to the member not being able to score on a candidate they have nominated.

No discussions were held on the Exempt Appendix.

An additional recommendation was made with regards to the request from Councillor Wyatt, `that Officers be asked to look at the rule 7 and bring this back at a future meeting.`

All recommendations were accepted and agreed.

RESOLVED that:

- (1) Approval given to the list of proposed awardees as listed in the exempt Appendix A.**
- (2) It be noted that presentations will be made by the Mayor to the awardees at a specially arranged ceremony on 22 April 2015.**
- (3) Officers be asked to look at the rule 7 and bring this back at a future meeting.**

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 1&2

G.72. INFORMATION ISSUE

All agreed that the meeting was out of Exempt session and the Public were invited to re-join the meeting.

G.73. URGENT BUSINESS

There was no other item that the Chairman considered urgent business.

The Chairman on behalf of the Committee expressed gratitude to the Chief Executive, Monitoring Officer and the secretarial support the Committee had received over the last 4 years, as this was scheduled to be the last Governance Committee before the election on the 4 May 2015.

The meeting which commenced at 6.30 pm, closed at 7.40 pm.

Chairman