

GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

20 SEPTEMBER 2016

PRESENT

Councillors P.M. Chandler (Chair),
M. Blase, P. Cumbers, J. Douglas, J. Illingworth,
J.B. Rhodes, M.R. Sheldon

As Observer
Councillor P.M. Posnett

Chief Executive
Head of Central Services
Head of Welland Internal Audit Consortium
Senior Democracy Officer
Administration Assistant – Communications & Member Support

Steve Clarke & Helen Henshaw of Ernst Young, External Auditors

G18. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Hurrell, Manderson and Simpson.

G19. MINUTES

The Minutes of Governance Committee held on 28 June 2016 were confirmed and authorised to be signed by the Chairman, subject to the following amendment:-

Minute G9(c) - Sundry Debtors' Update

...'A Member expressed concern at whether debts were sold'...

The Member who had made the above comment advised that they had not been expressing concern but was asking for clarification and would like this noted.

G20. DECLARATIONS OF INTEREST

Councillors Posnett and Rhodes declared personal interests in any items related to Leicestershire County Council due to their roles as County Councillors.

G21. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations from other Committees.

G22. 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 the previous meeting of the Committee. There were no comments or questions.

RESOLVED that the Update on Decisions document be noted.

G23. STATEMENT OF ACCOUNTS 2015/16

The Head of Central Services

- (a) submitted a report (copies of which had previously been circulated to Members) including presentation of the Statement of Accounts for 2015/16 for approval which had been prepared in accordance with the Accounts and Audit Regulations 2015 and informed the Committee of the key issues within the accounts. The Chairman was to sign the accounts following the Meeting should they be accepted;
- (b) the draft accounts were previously approved by Policy Finance and Administration Committee on the 12 July 2016. They have since been audited with no significant changes and so the figures reported are the final version containing only minor amendments to those as previously reported to PFA on 12 July 2016;
- (c) asked Members for their views on whether they would like training on the Statement of Accounts next year to compliment the training they had received prior to the meeting on the role of the Audit Committee when considering the Statement of Accounts and the ISA 260 report. Members were in agreement with this approach.
 - Members felt that the report was concise and informative and the Statement of Accounts was a good document and they commented as follows : Investment Property (p.30 of Statement of Accounts) – investment income of £135k, offset by £119k appeared a considerable expenditure, as did the expenditure in the previous year. The Head of Central Services advised that officer time spent collecting the income and managing the units was a large proportion of the expense but she confirmed she would look into the figures and provide an update to the Member.
 - External Audit Costs (p.48 of Statement of Accounts) – “Shout for Residents – Pay Equipment” should read “Shout for Residents – Play Equipment”.
 - The section detailing the Corporate Plan – Goals and Priorities was not easy to read. The Head of Central Services confirmed that she would ensure that this was reviewed.

- It was an extremely challenging financial year and it was responded that to deal with this priorities had been set out in Corporate Plan and there were plans to develop commercialism and generate income to offset the outgoings.

The hard work that had been undertaken by the Head of Central Services and her Team was noted and Members expressed their thanks.

A Member requested an update on the progress of the Lottery Project and was advised that the name had been approved and the logo was being designed and it would be launched on 11 October 2016 for charities and local groups to be invited to apply to the Council to benefit from lottery funds.

The Chief Executive confirmed that the Community and Social Affairs Committee would oversee those good causes and charities which would benefit.

A Member advised the Committee that lottery tickets would be sold by encouraging family and friends of those involved with partner charities to purchase tickets and 50p out of every £1 would go to a charity. It was confirmed that the Council had secured the relevant licence for this project and the Head of Communities and Neighbourhoods would be the license holder with support from a second Officer, who was yet to be appointed. Both Officers would be excluded from purchasing lottery tickets.

A Member commented that the project should have the ability to be inclusive, not exclusive by benefitting and supporting new charities and groups periodically.

RESOLVED that the Statement of Accounts for 2015/16 be approved and signed by the Chairman.

G24. EXTERNAL AUDIT ANNUAL GOVERNANCE REPORT 2015/16

Mr. Clark, External Auditor presented a report (copies of which had previously been circulated to Members), summarising the results of the 2015/16 audit of the financial statements. He drew attention to the Executive Summary of Results and confirmed the audit was substantially complete, subject to Leicestershire County Council Pension Auditors certification. It was reported that there were no issues in meeting deadlines and thanks were expressed to the Head of Central Services and her Team for the work they had undertaken. It was mentioned that there were a small number of adjustments and control issues that had been identified but there were no huge problems to emphasise.

Ms. Henshaw gave a detailed overview of Section 3 of the report – Financial Statements Audit – Addressing Audit Risks. She advised that the Council usually undertook valuation of its properties but an external company had provided the most recent valuation. When assets get valued each year, the gross value would likely increase but this would then be depreciated. Any reduction in the market value if lower than the depreciated cost should go through the income statement and continue to be valued on an ongoing basis. Changes in value, including depreciation was ongoing due to market values and the life of a property being subject to a repairs and maintenance programme.

There was a small depreciation error on “assets”, which the Council had corrected. She added that certain parcels of land had been valued at £5K, which if acceptable to the Council was sufficient for audit purposes. She drew Members’ attention to a Key Findings Management Letter Appeals Provision for non domestic rates and it was suggested to analyse local appeals in order to calculate which appeals were likely to be withdrawn.

A Member queried what would happen to non domestic rates. The Head of Central Services advised that there had been extensive consultation and a response was to be drafted referring to the SPARSE response which would include Melton’s view as a rural area. She attended a DCLG Conference, which was extremely useful and she understood a further technical consultation on the funding formula was to be released. However she advised that any proposals were still at the development stage and may not be confirmed.

RESOLVED that the report be noted.

G25. INTERNAL AUDIT UPDATE REPORT

The Head of Welland Internal Audit Consortium

- (a) submitted a report (copies of which had previously been circulated to Members) which updated the Committee on progress made in delivery of the 2016/17 Annual Audit Plan and key findings arising from audit assignments completed since the last Committee meeting;
- (b) advised good progress has been made in delivery of the Audit Plan. Members’ attention was drawn to a copy of the Plan with current status on pages 5 and 6. Currently, 56% of assignments were either complete or in progress. Feedback received on audit assignments during the year to date had all been outstanding or good. Since the last Committee meeting in July 2016 :-
 - one report had been sent out in draft
 - the Money Laundering Policy had been produced and was available at this meeting for discussion
 - an ongoing investigation had taken place
 - the special review of the Leisure Vision Project had concluded and was at this meeting for discussion
 - work was underway on a further three audits and one report had been finalised
- (c) explained the finalised report was in relation to incoming post handling arrangements and was summarised in Section 2.6 of the report. This audit was included in the Audit Plan following some issues and risks highlighted during the last year in the fraud log. The team was seeking assurance that robust procedures were in place to ensure that packages, particularly those of high value or sensitivity were dealt with securely. The audit highlighted areas of good practice in relation to post handling but the key issues identified were in relation to the handling of packages and parcels for which there were no suitable procedures. New processes had been implemented to ensure a full audit trail would be maintained and parcels would be dealt

with securely. The audit resulted in a sufficient assurance opinion and five recommendations had been agreed with Management;

- (d) stated that in relation to actions from audit reports, 45% of those due since the last meeting had been implemented. There were currently eleven actions which were overdue for implementation, detailed on page 9 of the report. One of these was high priority and was over three months overdue being the Business Continuity Plan (BCP).

Members noted that this was a good report and it was queried whether the BCP would be completed by the end of September. The Chief Executive confirmed that all the hard work had been completed in order to achieve this and the next step was to finalise matters, ensuring partnerships were fully utilised. Subject to some administrative support and input from Leicestershire County Council, it would be completed.

RESOLVED that the report be noted together with the progress made by the Internal Audit team in delivery of the Audit Plan.

G26. MONEY LAUNDERING POLICY

The Head of the Welland Internal Audit Consortium

- (a) submitted a report (copies of which had previously been circulated to Members) which provided a copy of the draft Money Laundering Policy for review and formal approval;
- (b) explained there was currently no Money Laundering Policy in place and although it was not a statutory requirement to have one, it was good practice to have a Policy and procedures in place to manage the risks faced by organisations and their staff. Whilst risks should be low, known cases in local government include council tax refunds;
- (c) stated a Policy had been drafted, which was provided as Appendix A with some supporting Officer guidance. The Council would implement controls via the Money Laundering Reporting Officer who would be the Head of Central Services. Such controls would be limiting cash payments accepted and controls and checks on new customers. The Policy has been reviewed and approved by Senior Management Team and was before this Committee for approval. It would be owned by the Head of Central Services and would be subject to three yearly reviews, alongside other counter fraud policies. It was proposed that it be added to the Council's Constitution to keep with other counter fraud and ethical governance policies.

A Member pointed out a typing error on page 3 of the draft Policy – “disclosure” should read “disclose”.

RESOLVED that

- (1) the Money Laundering Policy be approved by this Committee;

- (2) the Money Laundering Policy be referred to Full Council for adoption into the Council's Constitution.

G27. ANNUAL REVIEW OF RISK MANAGEMENT

The Head of Central Services

- (a) submitted a report (copies of which had previously been circulated to Members) which updated Members on the management of risk within the Council during 2015/16;
- (b) gave a brief overview of the report, explaining the Council's progress over the last year that there had been regular reporting, a review of the Corporate Risk Register and service risks had been undertaken throughout 2015/16. Risk logs were also maintained as appropriate for individual projects and the Corporate Risk Register was updated with risks where a higher level of focus was required and it included an Action Plan for each risk;
- (c) explained that over the last year there was a reduction in risk, regarding the risk of increased numbers of vulnerable families and individuals resulting from the impact of Welfare Reforms and long term sustainability of initiatives to tackle this. There was an increase in risk, regarding achieving a balanced budget as a result of government funding cuts without resulting in significant cuts in service provision. She highlighted there was the importance of ensuring successful management of risks as it was not always possible to eliminate them;
- (d) updated that as part of the contract, the Council's insurance provider supplied training and consultancy support on Risk Management. For the 2015/16 year, they delivered training and support in:-
- Risk Management Training to Members of this Committee, to enable the Committee to perform their role with regard to consideration of the Councils risk management arrangements
 - Caretakers' fire and security awareness seminar
 - Customer insurance training for a member of staff new to the role of insurance

There were no comments or questions.

RESOLVED that the latest Corporate Risk Register and associated Risk Management Action Plan, as set out in Appendix A of the report, be approved.

G28. ELECTION AND ELECTORAL REGISTRATION UPDATE

On behalf of the Head of Communications, the Chief Executive

- (a) submitted a report (copies of which had previously been circulated to Members) which enabled the Committee to consider elections performance and standards as well as a review of the parliamentary constituency boundary;

- (b) advised that it had been a very busy year for the Elections Team in administering the Police and Crime Commissioners election and the EU Referendum. A new system of registration was implemented, which gave those registering to vote an opportunity to do so via the digital portal. There was a significant increase in registrations to vote and the electorate were content to use the digital portal with over 75% of registration applications received this way. On 8 June 2016, which was due to have been the EU Referendum registration deadline, the digital portal crashed and this led to the extension of the registration deadline. This was managed well with staff from other teams being diverted to help the Elections Team with the extra work;
- (c) explained that the Police and Crime Commissioners election was administered well and there was a slight increase in voter turnout. The EU Referendum was very different being much brisker business. Polling stations were very busy, with the verification and the count taking place at the close of the poll and the result was announced at 4:30am. She stated her thanks to the team who handled this election in her absence;
- (d) referred to the Leicestershire County Council Boundary Review which had accepted the re-naming of a County district following the Governance Sub Committee's recommendation earlier in the year;
- (e) stated that there was to be a Parliamentary Boundary Review for Melton and Rutland and proposed that a Sub Committee be set up for this purpose with 5 Members. She advised that this would be a more complicated process as 3 authorities were involved.

Members raised issues around the postal vote process as to whether any problems that had occurred in other parts of the country would be picked up at Melton and the Chief Executive responded that checks were made and the team was as vigilant as was allowed with the capacity involved. With regard to responding to parish reviews, the Chief Executive advised that there was not the capacity to offer this service to all parishes but the team would deal with such matters upon request.

The Chair requested Members for the Sub Committee and Councillors Blase, Chandler, Cumbers and Illingworth were nominated. It was agreed that those not present be contacted to appoint another Member to the Sub Committee.

RESOLVED that

- (1) the report be noted;
- (2) a Sub Committee of 5 Members be set up to consider and make decisions regarding the Parliamentary Boundary Review in line with paragraph 4.1 of the report. The Sub Committee include Councillors Blase, Chandler, Cumbers and Illingworth and a further Councillor was to be nominated and advised to the Chief Executive.

G29. 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.

G30. LEISURE VISION PHASE 1 EXPENDITURE – INTERNAL AUDIT REVIEW

Statutory Officers (Head of Paid Service, Monitoring Officer and S151 Officer) reported on a review of the Leisure Vision Programme Phase 1 (copies of which had previously been circulated to Members).

RESOLVED that two resolutions were approved and these are set out in full in the exempt minute and there be a report back on matters relevant to this Committee.

The meeting which commenced at 6:30 p.m., closed at 8:25 p.m.

Chairman