

GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

22 NOVEMBER 2016

PRESENT

Councillors P.M. Chandler (Chair),
M. Blase, P. Cumbers, J. Douglas, J. Hurrell, J. Illingworth,
V.J. Manderson, J.B. Rhodes

Head of Communications and Monitoring Officer,
Head of Central Services,
Administration Assistant – Communications & Member Support

Internal Auditor (LGSS) – Rachel Ashley-Caunt

G31. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Simpson. Councillor Sheldon was also not present.

G32. MINUTES

The Minutes of Governance Committee held on 20 September 2016 were confirmed and authorised to be signed by the Chairman.

Minute G30 – Leisure Vision Phase 1 Expenditure – Internal Audit Review

Members queried some matters relating to the exempt minute and went onto discuss some details relating to the project.

G33. DECLARATIONS OF INTEREST

Councillor Rhodes declared a personal interest in any items related to the Leicestershire County Council due to his role as a County Councillor.

G34. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations from other Committees.

G35. UPDATE ON DECISIONS

On behalf of the Chief Executive, the Monitoring Officer 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 being no comments or questions forthcoming from Members, it was

RESOLVED that the Update on Decisions document be noted.

G36. ANNUAL AUDIT LETTER 2015/16

On behalf of the External Auditor, Ernst Young, the Head of Central Services submitted a report (copies of which had previously been circulated to Members) which provided a high level summary of the results of the 2015/16 audit work undertaken at Melton Borough Council.

The Head of Central Services

(a) gave a brief overview of the report, highlighting the main items covered as follows:-

- the auditors were required to issue this report following completion of their audit procedures for the year ended 31 March 2016
- matters reported on were the most significant for this Council and that detailed findings from the 2015/16 Audit Results Report were not repeated in this report
- a good value for money opinion had been issued and the results and conclusions summary of the significant areas of the audit process showed a positive outcome for this Council

(b) advised that the report would be published and available to be purchased by the public;

(c) confirmed that a further report, summarising the certification work undertaken by audit would be issued to the Governance Committee in February 2017.

There were no comments or questions.

RESOLVED that the report be noted.

G37. PROVISION OF EXTERNAL AUDIT SERVICES

The Head of Central Services

(a) submitted a report (copies of which had previously been circulated to Members), which updated the Committee on arrangements being made for the appointment of external auditors from 1 April 2018 when the current contracts end and made proposals for this Council to join in with the sector led appointment of external audit from that date;

- (b) gave a brief overview of the report, explaining that following the end of the current external audit contracts, which were originally entered into by the Audit Commission but were transferred and are currently being maintained by PSAA, the Council would need to consider its options from the 2018/19 financial year, regarding its arrangements for external audit services. The proposal was to opt into the appointing person arrangements with the PSAA and that the Head of Central Services be given delegated authority to submit the formal acceptance;
- (c) recommended the 'opt in' option as the alternative would be for this Council to establish its own audit panel and undertake its own procurement. The Head of Central Services stated she was not aware of any other Council following this route and would expect that this Council taking a procurement to the market place on its own would not be the most cost effective solution, as well as incurring significant procurement costs;
- (d) highlighted that there was a prospectus and a set of FAQs attached to the report for Members information;
- (e) advised Members that the decision needed to be one made by Full Council and that as such the recommendation was one for this Committee to make to the next Council meeting.

There were no comments or questions.

RESOLVED that

- (1) this Committee recommend to Full Council that this Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors;
- (2) delegated authority be given to the Head of Central Services to submit the formal notice of acceptance.

G38. **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 that good progress had been made against the plan and feedback had been consistently 'good' or 'outstanding'
- (c) confirmed that since the last Committee meeting
 - two audit reports had been finalised as follows:-
 - i. Housing Allocations and Homelessness: The audit confirmed that there were robust arrangements in place for the processing of housing applications which were operating well. There was a backlog of cases

due for review or renewal, due to resource constraints and cover for staff absences. It had been recommended that procedure notes be produced to enable cover in the case of staff absence and that a periodical review of active cases be implemented to establish procedures, which was achievable with current resources. In relation to homelessness, sample testing of applications confirmed that all had been processed in accordance with statutory requirements and established procedures. The homelessness strategy was overdue for review and given the increasing costs and budget overspends in recent years it had been recommended that the strategy be reviewed to ensure the approach remained effective. Audit had also made recommendations to further strengthen the audit trail in some areas. Overall, an opinion of sufficient assurance had been given with nine recommendations, all of which were due for completion before the end of the financial year;

- ii. Counter Fraud and Ethical Governance Arrangements: Audit had reviewed the Council's policies and strategies in relation to counter fraud and ethical governance. A suite of policies were in place and whilst some areas were highlighted where further improvements could be made, overall an opinion of substantial assurance had been given. A staff survey was also conducted and found that staff were aware of the Whistle Blowing policy and had strong confidence in applying the policy. Ten recommendations had been made to further improve the policies and strategies but a strong assurance opinion had been awarded.
- Money Laundering Training had been delivered
 - there was some ongoing investigation work
 - there was a wider project review following the Leisure audit
 - 11 actions had been implemented. The report showed there were currently 14 actions overdue for completion but evidence in relation to some of these had since been provided.

A Member commented that at the Community and Social Affairs Committee earlier in the month, it was highlighted that the average figure for homelessness in Melton was higher than anywhere else in England. Rent costs were increasing at a rate that was out of proportion for the type of property being rented and not enough properties were being built at the lower end of the housing market. She advised that many people were made homeless as a result of eviction from privately rented properties and stated this was a serious problem, especially at this time of year.

A Member requested an update regarding a financial matter dating back to 2013. The Head of Central Services advised that there would be a court hearing in January 2017 and Council staff could be called as witnesses. She confirmed that the Police provided regular updates.

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

G39. INTERNAL AUDIT PLANNING 2017/18

The Head of the Welland Internal Audit Consortium

- (a) submitted a report (copies of which had previously been circulated to Members) which provided an overview of the Audit Planning process for 2017/18 and consulted Members on risk areas for consideration in the development of the Audit Plan;
- (b) gave a brief overview of the report, advising that it set out for the Committee the proposed approach to the development of the Audit Plan for 2017/18;
- (c) advised that the approach
- was in accordance with the Public Sector Internal Auditing Standards and intended to ensure this Council developed a risk based audit plan, which provided the Committee and Senior Management with the assurances they required
 - effectively involved a review of the risk registers and the Corporate Plan, mapping of existing assurances, including those from Internal Audit, a review of gaps in current assurances or areas of weakness previously identified which require re-review, consultation with Governance Committee and meetings with each member of Strategic Management Team to discuss key risks and issues for the year ahead and any consultancy work which would add value;
- (d) confirmed that the draft audit plan would be presented to the Governance Committee for formal review and approval at the start of April 2017, at which point refinements could be made if necessary;
- (e) highlighted that the recommendation to this Committee was to approve the approach to audit planning, to highlight any risk areas where assurances were required and to advise on how the Committee wish to be involved further in the development of the plan ie via a workshop or feedback to this Committee.

Members raised some concerns around supervision and project management of the Leisure Vision Project

The Internal Auditor and Head of Central Services confirmed that a series of project management training had been rolled out over the last month, that the Strategic Director was the Project's Responsible Officer' and the Head of Communities and Neighbourhoods was the 'Project Sponsor'. As the previous 'Project Manager' had left the Council, this role needed to be filled. Members requested that provision be made as part of the 2017/18 internal audit plan to examine the governance arrangements in place for the delivery of the larger leisure vision project currently being procured and that regular reviews be undertaken during the year on progress made, that the Leisure vision Phase 1 project be audited following its completion as a follow up to the previous review.

RESOLVED that

- (1) the proposed approach to developing the Audit Plan for 2017/18 be approved;
- (2) any risk areas where the Committee requires assurance during the year ahead were highlighted;

- (3) the Head of Internal Audit consult with this Committee to seek any further input ahead of the draft Audit Plan via feedback to the Committee.

G40. PROVISION OF INTERNAL AUDIT SERVICES

The Head of Central Services

- (a) submitted a report (copies of which had previously been circulated to Members) which provided an update on the proposal to delegate the internal audit service to Local Government Shared Service (LGSS) and make the appropriate recommendation to the next Council meeting
- (b) gave a brief overview of the report, advising that it followed the one previously submitted in June this year which approved the progression of delegating the internal audit service to LGSS
- (c) advised that discussions had continued and draft agreements were at an advanced stage
- (d) highlighted that for Members consideration and comment the SLA was attached to the report as an exempt appendix, which set out the level of service this Council would receive
- (e) confirmed that subject to Member approval the next stage would be for this Council to approve the delegation and for the legal agreement to be finalised.

The Chair, Councillor Chandler and the Head of Central Services both commented that they were impressed with the high standard of work produced by the Head of Internal Audit

RESOLVED that

- (1) this Committee recommend to Full Council that this Council opts to delegate its internal audit service to Local Government Shared Service from 1 April 2017;
- (2) this Committee recommend to Full Council that this Council delegate authority to the Head of Central Services in consultation with the Solicitor to the Council to finalise the delegation agreement with LGSS for the provision of internal audit services.

G41. ANNUAL REPORT ON EQUALITY AND DIVERSITY

The Head of Central Services

- (a) submitted a report (copies of which had previously been circulated to Members) which provided an update on
 - the progress made by the Council to embed Equality and Diversity within service and policy development and delivery

- work undertaken by the Council to meet its public sector equality duty, as required by equality legislation
 - work undertaken to deliver services which were accessible and met the needs of Melton residents
- (b) gave a brief overview of the report, advising that it enabled this Committee to be kept up to date with progress made within the Council with regard to equality and diversity;
- (c) advised that the key actions taken over the past twelve months, as set out in the report were the refresh of the Council's Check and Challenge Group and the update to the EIA with the creation of a step by step guide;
- (d) confirmed training had been provided to all Members following the 2015 elections and also to a number of staff, with an on line training package now in place;
- (e) advised that the key piece of work undertaken was the Town Centre access audit and that a copy of the actions for this Council was attached to the report. The access audit followed the attendance of the Chair of the Melton Access Group at the ESG. It would inform a number of areas for action during the coming months for a number of Council services. Engagement would also take place with partners where responsibility fell outside of the Council's remit. The Head of Central Services confirmed that the Council had written to partners and would follow up on the outstanding actions;
- (f) highlighted that there were also a number of other areas of activity included in the report and that with the limited resources and budget, this Council had at its disposal for this important area of work, much has been achieved over the past 12 months.

A Member commented that this was good work and advised they had received positive feedback from the Chair of the Melton Access Group. The Councillor also updated that a new Group representing a wider range of disabilities was to be set up in place of the Melton Access Group and confirmed relevant details would be provided to the Head of Central Services.

RESOLVED that the report be noted together with the progress made by the Council in meeting its equalities duties and commitments

G42. CODE OF CONDUCT UPDATE

The Monitoring Officer

- (a) submitted a report (copies of which had previously been circulated to Members) which provided an update 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;
- (b) gave a brief overview of the report, advising that

- disclosure of pecuniary interests and other interests continued to be submitted by Borough and Parish Councillors and updates were being received whenever there was a change to the submitted form or when new Councillors were appointed. These updates were added to the Council's website
- there were no complaints outstanding
- she continued to meet with the Independent Persons regularly. The term of office of the current Independent Persons would end in July 2017 and a recruitment process would commence in the New Year
- Parish Representatives were usually appointed early in the new Civic Year by the Melton Branch of the Leicestershire and Rutland Association of Local Councils

A Member requested that written guidance be provided to the Independent Persons, advising that if amendments to a report were necessary, a new report was required, rather than submitting the initial report and a second report of amendments.

RESOLVED that the report be noted together with 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.

G43. ANNUAL REVIEW OF THE CONSTITUTION 2016 17

The Monitoring Officer

- (a) submitted a report (copies of which had previously been circulated to Members) to enable the Committee to consider an annual review of the Council's Constitution and any amendments for onward referral to the Council for approval as well as note changes to the Constitution approved by the Council since May 2015;
- (b) gave a brief overview of the report, confirming that an extensive review of the Constitution for 2016/17 had been undertaken, to ensure it was up to date. As well as this annual review, it was current practice that any additions or changes to the Constitution be brought to this Committee's attention as soon as these came to light;
- (c) advised that she had delegated authority to make amendments to the Constitution, following legislative or other statutory changes and minor procedural and operational changes. Such changes would be reported to this Committee and subsequently the Council as soon as practicable.

Several points were raised by a Member and the Monitoring Officer agreed to review these and provide a full response to the Councillor following the meeting.

RESOLVED that

- (1) the proposed actions as set out at Appendix A including the documents listed in the report be approved by this Committee and be referred to Full Council for adoption by this Council;

- (2) the items which were approved for inclusion in the Constitution at Council Meetings since May 2015 and which are set out at Appendix B be noted;
- (3) it be noted that due to the Constitution being a living document there may be requirements for changes within the year. Therefore, as well as the annual review, items will continue to be referred to the Committee as these arise;
- (4) it be noted that the Monitoring Officer has delegated authority to make amendments following legislative or other statutory changes and minor procedural and operational changes. Such changes will be reported to the Governance Committee and subsequently the Council, as soon as practicable thereafter.

G44. REVIEW OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA) POLICY

The Monitoring Officer

- (a) submitted a report (copies of which had previously been circulated to Members) to enable Members to review the internal policy relating to the Regulation of Investigatory Powers Act 2000 (RIPA) and to inform Members of the Council's use of RIPA for the period 1 April 2015 to 31 October 2016
- (b) gave a brief overview of the report, advising that
 - an effective RIPA policy and guidance ensured robust covert surveillance and intelligence gathering to assist the detection and prevention of crime in relation to this Council's core functions
 - this Committee was required by legislation to review the Council's RIPA policy and guidance on a regular basis
 - the current policy and guidance has been reviewed in full by Legal Services in June/July this year and the recommendation was that no changes are made to the current policy and guidance
 - the Council's use of RIPA is inspected by the Office of Surveillance Commissioner (OSC) approximately every three years and the last inspection took place in July 2016 and was in the form of a questionnaire. No feedback had been received to date
 - during the period 1 April 2015 to 31 October 2016, there was no requirement for the use of RIPA procedures by this Council.
 - RIPA training for Members and officers was undertaken in October 2015. Further training for officers was held in February 2016.

There were no comments or questions.

RESOLVED that it be noted that this Council had no requirement to use RIPA procedures for the period 1 April 2015 to 31 October 2016.

G45. URGENT BUSINESS

There was no urgent business.

The meeting which commenced at 6:30 p.m., closed at 8:05 p.m.

Chairman