

# Minutes

<b>Meeting name</b>	<b>Governance Committee</b>
<b>Date</b>	<b>Tuesday, 21 November 2017</b>
<b>Start time</b>	<b>6.30 pm</b>
<b>Venue</b>	<b>Parkside, Station Approach, Burton Street, Melton Mowbray LE13 1GH</b>

## Present:

**Chair** Councillor P. Cumbers (Chair)

**Councillors** M. Blase  
P. Faulkner  
M. Glancy

**Observers**

**Officers**

Vishal Savjani, Ernst Young (External Auditor)

Minute No.	Minute
G31	<p><b>Apologies for Absence</b> Apologies for absence were received from Councillors Beaken and Douglas.</p>
G32	<p><b>Minutes</b> The minutes of the meeting held on 19 September 2017 were confirmed and authorised to be signed by the chair.</p>
G33	<p><b>Declarations of Interest</b> There were no declarations of interest.</p>
G34	<p><b>Recommendations From Other Committees</b> There were no recommendations from other Committees.</p> <p>[Councillor Freer-Jones here entered the meeting]</p>
G35	<p><b>Update on Decisions</b> The Corporate Director</p> <p>(a) 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;</p> <p>(b) advised that the recommendations relating to Leicester City Council Fraud Partnership would be monitored through Internal Audit and as such removed from the Update on Decisions.</p> <p>There being no comments or questions forthcoming from Members, it was</p> <p><b><u>RESOLVED</u></b> that the Update on Decisions document be noted.</p>
G36	<p><b>Annual Audit Letter 2016/17</b> Vishal Savjani, External Auditor</p> <p>(a) submitted a report (copies of which had previously been circulated to Members) which provided a high level summary of the results of the 2016/17 audit work undertaken at Melton Borough Council.</p> <p>(a) gave a brief overview of the report, highlighting the main items covered as follows:-</p> <ul style="list-style-type: none"> <li>• External Audit were required to issue this report following completion of their audit procedures for the year ended 31 March 2017</li> <li>• the report summarised the most significant matters for this Council, as identified in the 2016/17 Audit Results Report;</li> </ul>

- an unqualified 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

The Corporate Director advised that the report would be published and its availability to the public advertised. Electronic copies would be provided free of charge and a fee would be charge for hard copies.

There were no comments or questions.

**RESOLVED** that the report be noted.

G37

**Internal Audit Update**

The Head of Internal Audit

- (a) submitted a report (copies of which had previously been circulated to Members) which updated the Committee on progress made in delivery of the 2017/18 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 that at the time of reporting, 75% of the Audit Plan was either complete or in progress
- (c) highlighted that the audit plan within Appendix A detailed the status of each audit assignment
- (d) confirmed that since the last Committee meeting
  - three audit reports had been finalised as follows:-
    - i. Anti Social Behaviour and Community Safety. This was the first audit of this area and had been undertaken across a number of councils. There were a number of areas where good practice was identified at Melton, which had been recommended to other Councils. This Council had a clear partnership plan and priorities had been set, which were supported by action plans. Complaints were handled in accordance with well established procedures and 100% of the sample tested had been accurately recorded on the case management system. Overall, the assurance on both the control environment and compliance was good, with minor organisational risk remaining;
    - ii. Safe Driving at Work. This Council's policies were reviewed to ensure the safety of those driving on Council business. Internal Audit were satisfied with the design of the policies and control framework. However, when testing compliance, it was evident that controls were not consistently applied. Checks on whether those staff and Members who claimed for travel expenses had been subject to examination of their MOT, insurance and driving licences and completed driver declaration forms were undertaken and Compliance with this control was inconsistent and a number of recommendations had been made to

strengthen compliance. An opinion of limited assurance had been given on compliance but the design of the controls was recognised as good. The organisational risk had been assessed as minor, given the specific risks but recommendations had been given high priority for implementation.

iii. Waste Contract Procurement. This was the first report on the waste contract procurement project embedded assurance review. This was an audit of the project management arrangements and the assurances were good. Internal Audit were satisfied that the project management controls were operating effectively and supporting efficient delivery. Recommendations around strengthening risk management controls and resource planning had been made, both of which had already been implemented. Internal Audit would re-engage with the project for Stage 2 work in January/February 2018. This would focus on evaluation of final bids.

- twelve actions from the previous audit reports had been implemented. A summary was provided at Appendix 3 of the report. There were currently twenty-four overdue actions and some of these were due to changes in responsibilities and were being actively progressed. Of the overdue actions, there were three which were high priority and over three months overdue. Full details were provided at Appendix 4 of the report.

The Chief Executive highlighted the transition in Senior Management and that a number of actions had been reassigned to new officers. He confirmed that overdue actions were being dealt with as priority and would be implemented as soon as possible.

Members commented that they would like clarification on which officers were able to examine their driving documents and the Corporate Director confirmed this would be provided.

A Member asked if this Council only required sight of a Member's driving information if that Member claimed travel expenses and the Corporate Director advised she would obtain clarification and provide confirmation for Members.

Members expressed concern over anti social behaviour and community safety, commenting that there appeared to be a lack of Police presence, response and liaison in the area.

The Chief Executive commented that this was clearly an important issue. This Council worked hard to ensure a strong relationship with the Police and to target resources collectively.

The Chair advised that the full Anti Social Behaviour and Community Safety report was available to Members upon request.

There being no further comments or questions, it was

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

G38

**Internal Audit Planning 2018/19**

The Head of Internal Audit

- (a) submitted a report (copies of which had previously been circulated to Members) which provided an overview of the Audit Planning process for 2018/19 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 2018/19;
- (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 in March 2018, 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 and to highlight any risk areas where assurances were required.

Members commented that assurances that CIL and S106 monies were utilised and assigned correctly was very important. The Head of Internal Audit confirmed that a S106 audit had been undertaken last year and a sufficient assurance rating had been awarded. CIL would be considered but may be more appropriate to be looked at in 2018/19.

**RESOLVED** that

- (1) the proposed approach to developing the Audit Plan for 2018/19 be approved;

- (2) any risk areas where the Committee requires assurance during the year ahead were highlighted.

G39

### **Counter Fraud Assessment and Action Plan**

The Head of Internal Audit

- (a) submitted a report (copies of which had previously been circulated to Members) advising the Committee of the outcomes of an assessment of this Council's Counter Fraud arrangements and the development of the Counter Fraud Action Plan;
- (b) advised that Appendix A of the report detailed the score achieved by this Council against each of the key areas identified in the Code of Practice on Managing Fraud and Corruption.
- (c) confirmed that overall, this Council was meeting the standard set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This was a positive report, revealing this Council scored highly on its strategies, due to officer and Member support of counter fraud;
- (d) advised that when this Council's Counter Fraud and Corruption Policy and Fraud Response Plan were updated in 2016/17, Internal Audit had recommended that a separate action plan be developed and maintained to ensure that the counter fraud arrangements were constantly monitored and strengthened and that best practice was adopted wherever possible. This was at Appendix B of the report and showed all areas for possible improvement identified in the assessment against the CIPFA Code of Practice and any other areas already identified by management or Internal Audit;
- (e) confirmed that all actions within the Action Plan had been allocated an owner and timescale for implementation. Progress against the Action Plan would be monitored by Internal Audit on a quarterly basis and it was proposed that an update be reported to this Committee on a six monthly basis.

*A Member highlighted 'Principle B – Fraud risk identification is essential to understand specific exposure to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users. Score 53%' within Appendix A, noting that this was rather a low score and asking whether staff training was needed to improve this.*

The Head of Internal Audit explained that the score was the same across all local authorities and highlighted that this Council did successfully meet the criteria laid down in the CIPFA Code of Practice. Improvement of this was detailed within Appendix A. Staff had undertaken Fraud Awareness training and Money Laundering training and no further staff training was recommended.

The Chief Executive highlighted that as part of International Fraud Awareness Week, (commenced 13 November to 2017), this Council had taken the opportunity to raise awareness across the Council of top fraud risks and what all staff could do to prevent fraudsters from targeting this Council. A key fraud risk area was focussed on and advice and support on tackling this was sent to staff via email on a daily basis. There appeared to be good awareness across this Council.

**RESOLVED** that the

- (1) outcome of the assessment of this Council's Counter Fraud Arrangements against the CIPFA Code of Practice for Managing Fraud and Corruption and the new Counter Fraud Action Plan be noted;
- (2) proposal for presentation of six monthly updates against this Plan to this Committee by the Head of Internal Audit be approved.

G40

**Annual Report on Equality and Diversity**

The Corporate Director

- (a) submitted a report (copies of which had previously been circulated to Members) updating the Committee on the progress made by this Council to embed Equality and Diversity within service and policy development and delivery and work undertaken to meet its public sector equality duty, as required by equality legislation and deliver services which are accessible and meet the needs of Melton residents;
- (b) confirmed that this Council had undertaken a number of community and staff focussed equality and diversity activities throughout the year
- (c) advised that there had been slow progress on Town Centre access issues, which were highlighted through the Town Centre Access Audit, due to the lack of resources. A further report would be submitted to Melton Economic and Environmental Affairs Committee;
- (d) highlighted that during 2017
  - two new Members had received Equality and Diversity training
  - new online equalities packages had been developed and work on two modules within these packages continued
  - Equality Impact Assessment training was provided to the Check and Challenge group in May
- (e) confirmed that this Council continued to be represented across the County on the Community Safety Partnership. Work continued on the Prevent and Hate Crime agenda and as part of this, during October , a number of events took place;

- (f) advised that the Equalities Steering Group meet monthly and a Hate Crime and Modern Slavery presentation had taken place earlier in the day. The aim was to reinvigorate the group and encourage different officers to take part. There would be a further update on this next year.

The Chair noted the important role Melton Access Group had played within the community.

There being no further comments or questions from Members, it was

**RESOLVED** that progress made by this Council in meeting its equalities duties and commitments, as outlined in the report be noted.

G41

**Code of Conduct Update**

On behalf of the Monitoring Officer, the Chief Executive

- (1) 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;
- (2) There were no outstanding complaints.
- (3) highlighted that the Monitoring Officer and Deputy Monitoring Officer had led a training session at Bottesford Parish Council on 28 September on declarations of interest and working practices continued to be improved upon;

There being no comments or questions from Members, it was

**RESOLVED** that 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 be noted.

G42

**Constitution Update 2017/18**

On behalf of the Monitoring Officer, the Chief Executive

- (a) submitted a report (copies of which had previously been circulated) to enable the Committee to consider new items or changes to this Council's Constitution for onward referral to the Council for adoption and incorporation into this Council's Constitution;
- (b) advised that Members had before them a number of proposed amendments and invited comments and questions from Members on the proposed amendments.



Members queried the introduction of Paypal or World Pay. The Corporate Director advised that this was a method of online payment via a secure portal. This would speed up customer transactions and ensure making payments was easier for the customer.

A Member commented that it would be good to monitor this.

**RESOLVED** that

(1) the following changes to the Constitution be approved and referred to Full Council for adoption in the Constitution:-

(a) Part 5 - Roles and Responsibilities of Members – Officer Appraisals

To approve removal of reference to Member involvement in appraisals for the Deputy Chief Executive and the Corporate Director within the Roles and Responsibilities of Members document at Part 5 of the Constitution (paragraph 3.3 of the report refers).

(b) Part 4 - Contract Procedure Rules

To approve 3 new appendices to the Contract Procedure Rules as detailed in paragraph 3.4 of the report and which are attached :-

- Appendix A – Approval for the use of a Framework Agreement
- Appendix B – Approval for Contract Award
- Appendix C – Approval to Extend a Contract

(c) Part 4 - Financial Procedure Rules

To approve the following 3 new paragraphs at Section 3 of the Financial Procedure Rules as detailed in paragraph 3.5 of the report :-

Section 3 – Financial Systems and Procedures

2. Income and Expenditure

Key Controls

2.2(k) - set up and operation of a PayPal or World Pay account for the collection of income from specific website transactions within services shall require the approval of the Corporate Director, who shall establish appropriate procedures for their operation. Where applicable, the Corporate Director should nominate a separate PayPal administrator and certifying officer whose responsibility will entail reconciling the income received and charges levied via the PayPal account to amounts due and to the Council's financial system

Responsibilities of Corporate Director

2.7 - to authorise the setting up and controls to operate with regard to a PayPal account for the collection of income from specific website transactions within services as stated in the key controls above

Responsibilities of Directors / Heads of Service

2.20 - to request the Corporate Director to set up a PayPal account for their service if required and to nominate a PayPal administrator who will be responsible for the operation of the account in line with the required procedures

(d) Part 3 – Terms of Reference of Policy, Finance and Administration

To amend the existing terms of reference to include new paragraphs 14 -18 set out at Appendix D which deal with disciplinary matters relating to the Council's statutory officers.

(e) Part 3 – Terms of Reference of the Appeals Committee

To amend the existing terms of reference of the Appeals Committee to amend paragraph 2 to read as follows:

“To determine any appeals in respect of staff matters as detailed and provided for in the Council's human resources policies and procedures including appeals against decisions of the Policy, Finance and Administration Committee to take action short of dismissal with respect to the Council's Statutory Officers”

Recommendation (d) and (e) above make the consequential amendments to the Constitution required as a result of a resolution of Council on 11 October 2017.

- (2) To note 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.

G43

**Urgent Business**

There was no urgent business.

The meeting closed at: 7.26 pm

Chair