

**MINUTES of the meeting of Audit and Governance Committee held at Committee Room 1, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Tuesday 26 January 2016 at 10.00 am**

**Present:** Councillor BA Durkin (Chairman)  
Councillor FM Norman (Vice Chairman)

Councillors: ACR Chappell, DG Harlow, EPJ Harvey, PD Newman OBE, RJ Phillips, J Stone and LC Tawn

**In attendance:**

**Officers:** Peter Robinson and Claire Ward, Mark Willimont, Kevin Singleton Jacqui Gooding (SWAP), Paula Gibson (SWAP) and Frances Wykes (SWAP)

**99. APOLOGIES FOR ABSENCE**

None

**100. NAMED SUBSTITUTES (IF ANY)**

None

**101. DECLARATIONS OF INTEREST**

None

**102. CHAIRMAN'S ANNOUNCEMENTS**

During chairman's announcements the vice-chairman raised concerns that a waste and mineral policy was not in place for the county meaning that, without a clear plan in place, there was a risk that phosphate levels would continue to be exceeded in the River Lugg which has a designation of a SAC.

She believed that the matter was not being taken seriously by the authority with the possibility of consequences in the future, particularly in relation to the Habitats Directive. A discussion took place regarding elevated phosphate levels arising from both point source (sewage treatment and intensive rearing units) and diffuse sources (manure application to fields).

There were concerns that this issue would have a detrimental effect on future housing development, tourism and natural habitats with possible legal implications if there was considered to be an infraction of the Habitats Regulations.

A member commented that this is not a new problem but has been neglected and believed that it should feature on the risk register.

The point was made that although Herefordshire was taking this matter seriously and were working on a nutrient management plan, the plan's benefit was reduced if the Welsh authorities upstream in the catchment are not addressing the issue

There was acceptance that a nutrient plan is in the planning stage, but at this time there is no date for completion.

In regard to manure spreading most sites benefit from environmental permits and are therefore tightly regulated. However, there were concerns raised about manure application outside permitted intensive rearing units where regulation could be more challenging. It was recognised that this is not an easy one to solve but it is something that both the Planning Service and the Environmental Agency take seriously.

## **RESOLVED**

**That: a joint report is presented to the committee by the Team Leader (Strategic Planning) and the Head of Regulation & Development Management on the understanding of phosphates in the River Lugg, the role of planning policy and development management on this and therefore where the authority is on the management of this risk.**

### **103. MINUTES**

In the course of the discussion the following points were raised.

A member drew attention to the corporate risk item and that the minutes show that the committee would reconvene in two weeks' time. The member expressed frustration that a meeting had not taken place and that fracking did not appear on the agenda for this meeting.

A discussion was had around issues regarding the risk register with members not feeling assured about the risk management process.

It was agreed that a working group be convened to consider the robustness and assure the committee on the risk management process. The members of the working group will be councillor's Chappell, Newman and Norman. A scoping document (template from task and finish) would be completed by the group for approval by the chairman.

### **104. INTERNAL AUDIT PLAN PROGRESS REPORT**

The Committee considered the progress on internal audit work and key internal control issues arising from work recently completed.

The Internal Audit Manager presented the report and highlighted pages 3, 4, and 5 of the report.

The significant findings and risks were presented highlighting two areas where partial or no assurance was found, these being agency staff and modern records.

With regard to modern records, this area was assessed as a partial risk. It was found that a very professional service was in evidence. However, it was also noted that although detailed guidance and procedures were in place, it appeared that on occasion these were not followed.

The one significant service finding identified was that there is no future strategic plan for the Modern Records unit (MRU) in place. It was noted, as detailed in the report that a strategy is in the development stage.

In relation to Agency staff, this area was assessed as a partial risk. The report shows that there were six significant findings identified, these were.

- the contract underlying the use of agency workers does not demonstrate good governance.
- the Service Level Agreement with Hoople has not been varied to take account of the contract novation from the provider in March 2015.
- there is no mechanism to identify contract that have not been signed after the procurement process has ended.
- there is a back log of unapproved expense claims.
- the draft contract has a service standard that 100% of agency staff should have two independent references, however sampling evidence gaps in employment history with three workers not showing evidence of references. It was noted that robust pre-employment screening checks will be addressed in new contractual arrangements.
- leaver's forms are not detailed and discrepancies between different systems indicate data quality concerns.

In the ensuing discussion the principal points were raised;

A member, although pleased that issues had been highlighted and that the management updates contained in the report demonstrated recognition of the issues had some reservation as to whether improvements would be made.

Service level agreements (SLA) should be live documents and be periodically reviewed to ensure they are fit for purpose.

It was noted that the current contact with Hoople expires in March 2016 and that it would be prudent to review SLA's before the formulation of new contracts.

Legal and contract teams should be adequately resourced with the capabilities to manage responsibilities.

Concern was expressed regarding unexplained gaps in employment history and that relevant procedures should reviewed and addressed as necessary.

It was clarified that employment issues highlighted were pertaining to agency staff and it was noted that actions had been accepted with a target date for implementation given as 31 March 2016.

Concern was expressed by members that although it has been reported that this is an agency staff issue it does give not members confidence that other areas might have similar issues.

Concern was raised regarding the progress of scheduled audits with confirmation that extra resources had been secured in the last quarter of this financial year and the expectation is that 90% of scheduled audits to either have been completed or in progress by the end of this 2015/16.

## **RESOLVED**

**That: a progress report is given at the March meeting**

**Feedback is delivered at the March meeting on contract management and the delivery process on the audit plan.**

**That a report be presented on the management of contracts and procurement within the authority on completion of the six contract reviews.**

**Point five and six of the significant findings contained in the agency staff report to the committee be referred to the children's wellbeing performance review for comment and action with feedback to be delivered at the March Meeting.**

**105. SWAP TRAINING AND DEVELOPMENT UPDATE**

A brief update on SWAP training was received with the following points made.

- Members are welcome to raise issues/topics that they wish to explore or receive training on.
- Slides/training material for training delivered in October 2015 to be sent to all members.
- SWAP will provide further training for members who were unable to attend. Further training will be arranged for members who were unable to attend training delivered in October 2015. The possibility is that this training will be delivered during October 2016.

**106. ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE**

Peter Robinson, Chief Financial Officer (CFO) introduced the report.

The purpose of the report was to give the committee confidence that agreed actions were being delivered to ensure that concerns identified in the statement were resolved and do not reappear next year.

A member made the point that no evidence had been presented that substantiates what is contained in the report and would like future reports to include evidence that would corroborate the narrative presented.

**RESOLVED**

**THAT:**

**Progress is noted in delivering the annual governance statement action plan.**

**In future, appropriate evidence is provided to corroborate reports.**

**107. MEMBERS DEVELOPMENT PLANS**

The Monitoring Officer presented the report and drew member's attention to the recommendations in the report and confirmed that Council agreed on the 22 May 2015, following recommendation from the independent remuneration panel, to develop a report on options for implementing a system of annual performance appraisal for members.

A discussion took place with the following points raised;

- Appraisals are not appropriate for members with the ultimate appraisal carried out by electors at the ballot box.
- There is merit for more focussed training e.g. child safeguarding training.

- The mandatory training in May should be reviewed and also advertised as a requirement before elections
- Training should be targeted to member requirements and that a member audit in respect of skills and expertise would be useful prior to developing a training programme.

## **RESOLVED**

### **THAT:**

- (a) The committee note the resolution of Council on 22 May 2015 for the consideration of a system on annual performance appraisal for elected members;**
- (b) The option and implementation of a system of assessed personal development be referred to a member development and training working group for recommendation to the audit and government committee for comment and recommendation then to Council.**

## **108. GOVERNANCE IMPROVEMENT WORKING GROUP UPDATE**

The Monitoring Officer provided an update on the working group. This work commenced due to a motion from Council in December 2014. It was discussed whether to report back to council now before drafting but it was decided that the constitution gave the power to recommend amendments from this committee and so long as all members are aware of the work there would be no need to return to council before a redraft.

A member commented that improvements to the constitution were identified by the previous monitoring officer and that she was pleased to see that the current monitoring officer is eager to take improvements further. The member suggested that it would be good to see this before council in May 2016.

A member made the point that if other authorities have inclusions in their constitution that we do not, then why not? and conversely if others have omissions that we have included, again why? A reason for changing things is always necessary. A document showing the changes made and the reasons why will be compiled.

## **RESOLVED**

**THAT: the constitution is redrafted in consultation with the members of the working group in consultation with their group and that all members are informed via a ward update.**

## **109. STANDARDS WORKING GROUP**

The chairman provided an update on the working group.

It was confirmed that the group has had two meetings to date and has considered a number of case studies, produced a SWOT analysis and other local authority models. The monitoring officer is now redrafting a draft procedure.

It is planned to arrange one meeting towards the end of March 2016 to consider the Constitution and Standards reports.

The standards working group will meet next on the 22 February 2016.

**110. WORK PROGRAMME UPDATE**

It was noted that there are a large number of items on the audit and governance work programme for March 2016 and discussions are to be arranged with the Chairman to discuss the effective management of the March agenda.

No progress was made in relation to the development of the work programme for 2016/17

The meeting ended at 1.15 pm

**CHAIRMAN**