

**MINUTES of the meeting of Audit and Governance Committee held at Committee Room 1, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Monday 9 May 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, J Stone and LC Tawn

**Officers:** Steve Hodges, Peter Robinson and Claire Ward, Richard Ball, Bob Perks, Nick Mather, Marc Willimont and Claire Corfield.

**130. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor R Phillips

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

None

**132. DECLARATIONS OF INTEREST**

The director of resources declared an interest as managing director of Hoople.

**133. MINUTES**

That the minutes of the meeting held on the 14 April be confirmed as a correct record and signed by the chairman.

**134. CHAIRMAN'S ANNOUNCEMENTS**

In response to a query raised in the audit and governance meeting of 23 March 2016 regarding the LEP (local government enterprise partnership), the chairman reported that he had met with the monitoring officer, leader and chairman of the overview and scrutiny committee regarding LEP. The committee's attention was drawn to an email on the 4 May from the monitoring officer. The email sets out the current position as regards the LEP.

In response to a query raised in January regarding adult wellbeing and employment exit procedures it was confirmed that procedures had been tightened and no issues had arisen. It was confirmed that a full audit focusing on this area would be undertaken during 2016/17.

**135. APPOINTMENT OF AN INDEPENDENT PERSON FOR STANDARDS MATTERS**

This report, by the monitoring officer, notified the committee of the successful interview and the recommendation to approve the appointment for Mr Richard Stow.

**RESOLVED:** That Mr Richard Stow be recommended for appointment as an independent person at council on the 20 May.

## 136. PROGRESS REPORT ON 2015/16 INTERNAL AUDIT PLAN

Prior to the presentation of the report it was brought to the committee's attention that appendix B1 of item seven of the agenda papers would not be, open to the public and press.

Resolved: that under section 100(A) (4) of the local government act 1972, the public and press be excluded from the meeting during any discussion of appendix B1. On the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12 (A) of the act.

Members were provided with an update on the progress on internal audit work and to bring to their attention key internal control issues arising from work recently completed.

Members' attention was drawn to the significant findings of the report on page five of appendix A which were;

- Licencing
- Mobile phone usage and strategy
- Payroll

These were findings that were identified as being high priority and therefore should be brought to the committee's attention. With all three findings a partial assurance was given with the definition being that some key areas are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

With regard to licensing it was confirmed that the object of the audit was to ensure that resources were being used effectively and that a customer focused service was being provided. There were a number of well controlled areas, however the main area identified for improvement was the need to improve records of authorisation. All review findings have been accepted by officers.

In terms of mobile phone usage and strategy it was noted that the council currently has two mobile phone agreements in place. The significant finding in this area highlighted the under usage of mobile phones with a large number not being used over an extended period. There was an opportunity to reduce costs by the redistribution of phones amongst users. All recommendations regarding significant findings have been accepted by officers.

With regard to payroll the majority of sampled employees were recorded correctly. Two priority five findings were identified with one being completed and the remainder planned for completion by the end of August 2016. Six priority four findings were identified with two having been completed and the remainder planned for completion by the end of June 2016.

A member raised concerns regarding the two mobile phone contracts and the under use of a large number of phones. It was questioned whether the various contracts were being managed effectively. It was the opinion of the member that this issue does require investigation with an audit of phone requirements, allocation and usage needed.

A member commented that the expectation should be that all employee samples taken in respect of payroll should be returned as correct and that any discrepancies should be rectified by the end of August 2016.

**Resolved: That the report be noted.**

## 137. ANNUAL GOVERNANCE STATEMENT

The director of resources presented the draft annual governance statement and explained that due to changes in accounting standards the report was before committee earlier than in previous years with the benefit being that the committee had early sight of the draft report.

A member noted that the solace/cipfa principle four in comparison to the council principle four was more robust in the direction given and that the wording in the latter should also have reference to transparency of decisions.

A similar point was made in reference to principle six with members' agreement that the council principles do not match the cipfa principles in all cases.

The solicitor to the council confirmed that the principles contained in the governance framework could not be altered by this committee however consideration could be given as part of the governance review.

A member expressed the view that a more proactive approach should be pursued in securing feedback from parishes.

Members were not clear as to how active the member development training group was with the view that progress was slow with little information being disseminated to members. It was confirmed that the group had met twice within the last 12 months and that a ward update might be in order to update members on progress.

A member requested clarification of the title director of resources role because the statement refers to this not being a director.

A member raised a concern that not all decision makers appear to have sight of all information necessary to enable them to make informed decisions on matters before them.

In terms of the data transparency and the council meeting its statutory requirements a member felt that the council should strive to exceed statutory requirements and not aim for just enough.

It was proposed that the first line paragraph 32 of the report be amended as follows:

The council meets its statutory responsibilities regarding data transparency and as part of the constitution review will consider publication of documents unless exempt.

**Resolved: That**

- a) clarification is provided regarding of the title of director of resources (paragraph 23 of the report).**
- b) at paragraph 32 first line, following ... regarding data transparency... that the following be inserted... and as part of the constitution review will consider publication of documents unless exempt.**
- c) the draft 2015/16 annual governance statement subject to the above amendment(s) be noted**

### **138. COMPLAINTS PROCEDURE FOR STANDARDS MATTERS**

The Monitoring officer delivered a report on the new complaints procedure for standards matters.

A short discussion was had regarding the report with the following points made.

All parish councils should be encouraged to adopt this Herefordshire Council code of conduct.

Reference to criminal matters should be explicitly addressed.

It was recommended that group leaders are informed when a formal investigation is instigated and that the outcome is confirmed.

It was also recommended that an explanation regarding county councillors is inserted in page 101 of appendix A of the report.

#### **Resolved: That**

- a) the procedure includes group leaders being informed when a formal investigation is instigated and the subsequent outcome.**
- b) an explanation of a county councillor is inserted in page 101 of appendix A of the report.**
- c) subject to views of parish councils, the revised procedure as amended for standards matters in appendix 1 and 2 be adopted.**
- d) the procedure includes direction on criminal matters**

### **139. WORKING GROUP RISK REGISTER**

The chairman of the risk register working group delivered a report on the findings of the working group.

A member raised a concern that the recommendations within the report did not accurately reflect the recommendations as contained in the working group report. An opinion was also expressed that the report had lost narrative cohesion in its interpretation of the working group report.

The directorate services team leader explained that the view taken was that if a member of the public wished to raise an issue regarding the risk register then their first point of contact would be their ward member.

#### **Resolved: That**

- a) the framework explains how scrutiny committees, elected members or members of the public can query the treatment of risks in the register and propose risks for consideration**
- b) the report as amended is recommended to the executive in June 2016 for consideration.**

#### **140. WORKING GROUP UPDATE - GOVERNANCE IMPROVEMENT**

The solicitor to the council delivered an update in respect of the governance improvement working group.

It was confirmed that the constitution review would not be available for the May 2016 council meeting and it was anticipated that the revised constitution would be before audit and governance committee in November 2016.

It was agreed that the review is important and therefore should not be rushed. September may still not be achievable with the summer break.

**Resolved:** That

- a) the members of the working group continue to act as a conduit for their individual groups and that workshops and meetings with members should take place prior to the audit and governance meeting on 22 September.

#### **141. FUTURE WORK PROGRAMME**

The committee's draft future work programme was presented for discussion and finalisation.

A member noted the review of appointments to outside organisations and queried whether school appointments should feature as part of the report remit.

The governance improvement work needs re timetabling

In response to a members query regarding the community infrastructure levy and whether it should be feature as a remit for the audit and governance the solicitor to the council confirmed that it was not currently in the terms of reference for this committee.

**Resolved:** That

**the committee's work programme for 2015-16 for the audit and governance committee be agreed.**

The meeting ended at 12.10 pm

**CHAIRMAN**