

**MINUTES of the meeting of Audit and Governance Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford, HR1 1SH on Friday 11 May 2012 at 2.00 pm**

**Present:** Councillor J Stone (Chairman)  
Councillor JW Millar (Vice Chairman)

**Councillors:** CNH Attwood, EMK Chave, KS Guthrie, AJ Hempton-Smith, TM James, Brig P Jones CBE and PJ McCaull

**In attendance:** Councillors A Seldon, Chairman Overview and Scrutiny Committee

**104. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor PGH Cutter.

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

There were no named substitutes.

**106. DECLARATIONS OF INTEREST**

As the Chairman for the Hoople Audit Committee was addressing the Committee Councillor Hempton-Smith made a personal declaration, as he had a close relative working as a senior manager for Hoople Ltd.

**107. MINUTES**

**RESOLVED:** That the minutes of the meeting held on 9 March 2012 be approved as a correct record and signed by the Chairman subject to the following amendments.

Minute No: 101 – Amendments to the Constitution, Council Procedure Rules/Member Questions, paragraph five – add the word supplementary, .....the Constitution regarding supplementary questions referred to one supplementary per question per Member and not per portfolio area.

Minute No: 102 – Internal Audit Progress 2011/12, paragraph four – to add to the list of partner organisations Hoople Limited.

Minute No: 103 – the meeting ended at 12.20 pm.

**NOTE:** The Committee expressed its thanks to Pete Martens from Democratic Services, who had been providing support to the Committee and who would be retiring shortly after completing 30 years in local government.

The Chairman also welcomed Alan Curless to the meeting as Chairman of the Audit Committee for Hoople Ltd., and invited Mr Curless to address the Committee and provide a short insight into Hoople Ltd. Mr Curless made the following points:

- Hoople Ltd came into being in October 2011 with the first audit meeting being held in November of that year.
- Herefordshire Council has a 62% share holding and the company was formed with two non executive directors and two from the PCT – Alan Curless and Dean Taylor.
- Hoople Ltd., intends to be responsive and effective for its customers and make the financial savings that are needed for the organisations they serve.
- It was noted that the key performance indicators initially issued would be revised shortly and the Committee would be advised of the revisions. All inherited policies and procedures are to be revised, and it was expected that this would be completed by June 2012.
- Appointments were now being sought to the executive management team of Hoople Ltd.
- There would now be a significant change for Hoople Ltd., as the PCT, which had been expected to be a long term shareholder, would now not be due to new government legislation that would see the demise of PCTs in 2013.
- There was an expectation that Hoople Ltd., would in the future tender for private sector business. It was noted that there had been expressions of interest by a number of public sector businesses in Hoople Ltd., and its partnership work with the Council.
- The Committee was advised of the savings that had been made in staffing levels and that a report had recently been presented to Cabinet explaining the amount of savings made.
- In response to a question on GP cluster groups and Hoople Ltd., being able to secure a contract with the Herefordshire GP cluster group, the Committee was advised that Hoople Ltd., had not as yet been successful in securing a contract for the provision of commissioning support.

On behalf of the Committee the Chairman thanked Mr Curless for attending the meeting and providing such an in depth update.

#### **108. INTERNAL AUDIT PROGRESS 2011/12**

The Head of Audit Services presented his report to update Members on the progress of internal audit. The following points were made in discussion:

- In response to a Member query the Chairman stated on behalf of the Committee that there was a requirement to periodically review all the partner organisations the Council worked with and that this could form part of the Annual Governance Statement. The Committee requested to be advised on the extent of the arrangements, for a list of the directors for the various organisations and to be provided with a brief outline of the governance arrangements in place. The Chief Officer Finance and Commercial stated he would provide a short report for the meeting in July and that the report would form part of the Annual Governance Statement.
- It was noted that Hereford Futures was not listed on page 16 Appendix A to the report when referring to the Places and Communities Directorate.
- The Committee was advised that 22 reviews were currently at the draft stage and the results would be brought to the next meeting.
- The Committee was reminded of the four different ratings and the target for all organisations was adequate.

- In referring to the Agresso system Members were advised that it was not at present performing as the Council would wish. Currently the audit team were looking into how fraud issues could arise and the weaknesses in the system. A detailed report had been compiled and it had been recognised that 16 IT controls needed to be put in place. The Chief Officer Finance and Commercial assured the Committee that the issues would be addressed.
- In answer to a question the Committee was reminded that KPMG provided support and experts to provide additional advice. Substantial work had been done on reviews and any additional issues raised could be referred to the work plan.
- The Committee was advised that the auditors had been asked to provide the lead for the Council on Health and Safety. Specialist advice had been requested to review the system, as some weaknesses had been found.
- It had been recognised there was a need to improve the Council's current business continuity plans and an action plan was being put in place in order to support the long term strategies of the Council.
- Risk management was generally seen to be ok across the Council. Additionally ICT generally was rated as adequate.
- It was noted that Hoople Ltd., had made a lot of progress in a short period of time with sound processes being put in place.
- The Committee noted that a further draft report on Amey Wye Valley had been drafted but had not been finalised as contract negotiations were on going. Members were informed that the Director was aware of the issues. The Chairman of the Overview and Scrutiny Committee, who was in attendance and invited to speak by the Chairman, advised that the new contract proposals were to go before the Overview and Scrutiny Committee before final agreement by Cabinet.
- In referring to item 21 of the report relating to cash and deposits the Committee was informed it was adequate and that there were only minor issues.
- The Committee was informed that two detailed reports on suspected fraud had been issued.
- The Committee was advised that a full audit plan for 2012/13 would be presented at the next meeting of the Committee.
- In response to a question Members were advised that work on adult social care was to be deferred and that frameworki was not an area it was proposed to look at.

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

## **109. COMMUNITY GOVERNANCE REVIEWS**

The Assistant Director Law, Governance and Resilience presented his report on Community Governance Reviews. The Assistant Director made the following points:

- Community Governance Reviews came into being in 2007, allowed local authorities to carry out reviews of Town and Parish Councils and were different to boundary reviews.
- The review in question was for Ross and both the town and rural parish councils were in support of the review.
- It was proposed and agreed at the March Council meeting that it was appropriate for the Audit and Governance Committee to carry out any community governance reviews the council might require.
- In the case of the Ross review it was suggested that a sub-committee is formed to deal with the review, decide on whom to consult, hold any public meetings,

conduct any referendums and for the Committee to then report its findings to the Council.

- If the Committee agree to form a sub-committee to deal with the review it is suggested the work of the sub-committee commence in the autumn.
- The Committee would also need to decide for the future if it intends to be proactive in this area and look to see if there are any other areas that need to be reviewed or whether to deal with any issues as they arise.

In response the Committee agreed:

- The importance of commencing the review as soon as possible.
- That a sub-committee be formed and consist of five Members representing all political groups, the Assistant Director to be delegated to set this up.
- That meetings should be held in Ross.
- That the sub-committee reports regularly to the Committee and the final decision is to be made by the Committee.

## **RESOLVED**

**THAT it be noted that:**

- a) the Council has decided to undertake a community governance review of the areas of Ross Town Council and Ross Rural Parish Council in the Autumn of 2013;**
- b) the Audit and Governance Committee be empowered to undertake community governance reviews and to make recommendations to Council on the matter; and**
- c) the Committee considered whether it wished to form a sub-committee to deal with community governance reviews.**

## **110. CHANGES TO THE STANDARDS REGIME**

The Assistant Director Law, Governance and Resilience presented his report on the changes to the standards regime and informed the Committee of the following points:

- To advise the Committee of the proposed set up for future standards matters and if the Committee is comfortable with the proposal, for the Committee to adopt the role of a standards committee as defined under the Localism Act as the Standards Board will be abolished and the current standards committee will finish at the end of June 2012.
- All authorities are to have a code and one has been proposed by the Association of County Secretaries and Solicitors, however, currently there is no secondary legislation in place for a code to be adopted. The new standards regime will apply to parish councils as well, which Herefordshire Council will have to oversee.
- Independent panel members will be required and they will need to be new members and not the independent panel members currently used.
- The Monitoring Officer will be expected to deal with all initial complaints and decide if the complaint needs to be referred to the new standards panel. The Audit and Governance Committee would be the committee that deals with the issues and provides a response, but there would be no sanctions.
- In response to a question the Committee was advised that the Herefordshire Association of Local Councils (HALC) would provide advice on the appropriate Town and or Parish Councillors that are to serve on the standards panel.

**RESOLVED:** That the Committee noted the latest developments regarding the new standards regime and development of a new code of conduct and the potential role that is envisaged for them.

**111. FUTURE MEETINGS**

**RESOLVED:** That the 7 August meeting be cancelled, that the meeting proposed for 25 September be revised to 21 September with a training event the week before and that the dates of 9 October, 12 November and 5 December be approved.

The meeting ended at 4.15 pm

**CHAIRMAN**