

MINUTES of the meeting of Audit and Governance Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford, HR1 1SH on Friday 9 March 2012 at 10.00 am

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

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

In attendance: Dr Phillip Ashurst

95. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

96. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes present at the meeting.

97. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

98. MINUTES

RESOLVED: That the minutes of the meeting held on 27 January 2012 be approved as a correct record and signed by the Chairman.

99. UPDATE ON HEREFORDSHIRE PRIMARY CARE TRUST

In accordance with paragraph 4.2.6.1 (b) of Part 4 (Procedure Rules) of the Council's Constitution, the Chairman considered that for reasons of special circumstances, this item should be considered as a matter of urgency in view of the fast moving changes regarding the Herefordshire Primary Care Trust (PCT)

The Chairman welcomed Dr Phillip Ashurst to the meeting. Dr Ashurst explained the latest situation regarding the reorganisation of PCT's and that he was now the Locality support Member for Audit and Assurance for Herefordshire PCT instead of a None-Executive Director. He said that the PCT's of Shropshire; Telford & Wrekin; Worcestershire and Herefordshire had been amalgamated into the West Mercia Cluster. There were also moves towards a single Cluster Audit Committee rather than one for each of the constituent PCT's. The first meeting of the Committee would be held on 19th March and he would be seeking clarity about the arrangements locally for audit assurance. The current Government proposals were for the introduction of a new Clinical Commissioning Group from 1st April 2013 and that this would also have implications for local audit assurance. Further guidance was awaited from the Government.

In answer to a question about transitional arrangements, Dr Ashurst said that guidance was awaited from the Department of Health. Meanwhile he was anxious to ensure that close links remained between the Council, Hoople and the PCT regarding audit assurance until the PCT

ceased to exist on 31st March 2013. Members asked questions about the likely audit arrangements under the new proposals and felt that it was important to maintain a robust system locally. They were concerned about the potential problems that could arise if it was dealt with at a regional level. Dr Ashurst said that he shared those concerns and that he would be seeking guidance at the forthcoming meeting and would keep the Committee updated.

The Chairman thanked Dr Ashurst for his informative presentation.

100. AMENDMENTS TO THE CONSTITUTION- BUDGET AND POLICY FRAMEWORK RULES

The Assistant Director Law Governance and Resilience presented a report about a proposed amendment to the Budget and Policy Framework Rules. The aim of the proposal was to provide greater flexibility; a mechanism to resolve any potential differences between Council and Cabinet, and to avoid the need to hold additional meetings of Council.

Budget and Policy Framework Rules 4.3.2.8 - 11 provided that recommendations accepted by Council from Cabinet without amendment could take immediate effect, otherwise Council could only make an 'in principle' decision. If rejected or if an amendment was proposed by Council, the matter would be referred back to Cabinet. Following this a further meeting of Council then had to be held to hear Cabinet's views, even if the Leader and the Cabinet were in agreement with the changes proposed by Council. This seemed to be an unnecessary waste of resources and the Assistant Director Law Governance and Resilience proposed that the Rules be amended as set out in Paragraph 7 of his report.

Members discussed the proposals and those issues that were likely to benefit from the new system. A question was asked about the application of these rules to the Council decision to set the Council Tax. The Officers advised that this was a legal requirement independent of the process for setting a budget and not covered by the rules.

Having considered details of the proposal, the Committee was agreeable to them being recommended to Council as set out in the report of the Assistant Director Law Governance and Resilience.

RESOLVED THAT:

It be recommended to Council that the Budget and Policy Framework Rules 4.2.3.8 - 11 be amended as follows

"If it accepts the recommendation of the Cabinet without amendment, the Council may make a decision, which has immediate effect. Otherwise, it may only make an in-principle decision. In either case, the decision will be made on the basis of a simple majority of votes cast at the meeting.

The decision will be published and, if an in-principle decision has been made, a written copy shall be given to the Leader as soon as possible for the Cabinet to consider.

An in-principle decision will automatically become effective 5 working days from the day following the date of written notification to the Leader of the Council's decision, unless the Leader informs the Chief Executive in writing within those 5 days that the Cabinet objects to the decision becoming effective and provides reasons why in writing

Where notification of objection is received under (the paragraph) above, a meeting of Council will be called to be held within 28 days of the objection being received by the

Chief Executive, to reconsider the decision that is the subject of the objection. In reconsidering the decision the Council must take into account the objection of the Cabinet and reasons for it and any revised proposals submitted by the Cabinet and the Cabinet's reasons for those revised proposals. The Council may either:

approve the Cabinet's recommendation by a simple majority of votes cast at the meeting; or approve a different decision which does not accord with the recommendation of the Cabinet by a simple majority.

The decision shall then be published and implemented immediately."

101. AMENDMENTS TO THE CONSTITUTION- COUNCIL PROCEDURE RULES- MEMBER QUESTIONS

A report was presented by the Assistant Director Law Governance and Resilience about proposed amendments to the Constitution relating to the Council Procedure Rules on Member Questions. The aim of the proposals were to harmonise the process with that for questions from Members of the Public. The provisions for public questions included rules in respect of

- the order in which questions are dealt with
- the number of questions an individual Member of the public may ask
- a time limit of one minute for a supplementary question

In contrast the rules for Member Questions do not:

- contain a rule governing the order in which questions are dealt with
- contain a rule governing the number of questions an individual Member may ask
- have time limit on supplementary questions. There is instead the general provision relating to the time allowed for questions as a whole which contains the provision: *"The Chairman will decide the time allocated to each question."*

The Assistant Director Law Governance and Resilience suggested the introduction of a rule stipulating the order in which Member questions are dealt with, similar to that for public questions. There was no provision for the Chairman of Council or anyone else to determine in what order Member Questions are asked. He therefore proposed that they be dealt with in the order in which they were received. He explained the current arrangements for grouping questions from Members and the public. He also pointed out that a member of the public may submit only one question at any meeting of the Council but that there was no limit on questions from Members. He asked the Committee to consider whether there should be a limit placed on the number of questions a Councillor may ask. He also provided details of the arrangements that neighbouring authorities had in place to deal with public and Member questions and suggested that the Committee might wish to place a time limit on supplementary questions.

Members discussed the proposals and alternatives together with the wider issues about council meetings in some detail and made the following points:

- the merits of having time limits at meetings of Council and the problem of Members remaining attentive when a meeting was unduly protracted;
- there was a danger that items towards the end of an agenda for a meeting could be rushed because of the time limit – alternatively, if a meeting went on as long as necessary, there could be a tendency to expand into the time available;

- a time limit on supplementary questions would be welcome, however, to keep Members to the point;
- why shouldn't the rules be different for Members when they were the elected representatives of the public?;
- expectations of the public were for debate to be clear and informative;
- there were merits in questions from Members being grouped into subject matter which would enable them to be dealt with in a more cohesive way ;
- for many Members, Council was one of their few opportunities to take part in debate in front of the public and care needed to be given not to limit this;
- there should be a limit of one supplementary question per item;
- more than one supplementary question should not be permitted;
- the current practice for disallowed questions on the order paper:- 'question disallowed'. This was unsatisfactory and no reference should be made to disallowed questions;
- the meetings and agendas needed to be managed carefully as Members could become frustrated when the debate did not flow;
- the venue of the Shirehall was not conducive to good debate and the acoustics made it difficult to hear properly – more thought needed to be given to layout and the installation of a more adequate sound system.
- if meetings continued into the afternoon, careful consideration needed to be given to a proper lunch break of at least 30 minutes. Ten or twenty minutes was inadequate for a long meeting, particularly for those Members having to travel a distance before and after it. It was not necessary for lunch to be provided but rooms should be made available for those Members who wished to make their own arrangements.

The Committee concluded that a time limit on supplementary questions would be advantageous and that questions should be grouped by portfolio. Discussion centred upon a limit that should be recommended for the number of questions which could be asked by a Member. A proposal that three be allowed was lost and the Committee recommended that a maximum of two questions should be allowed per Member.

It was noted that the order of debate and the way in which matters were set out on the Agenda were prescribed by the constitution. The Assistant Director Law Governance and Resilience said, however, that he would prepare a report for consideration at a future meeting of the Committee about how matters were structured at meetings of Council and how the public was engaged. In answer to a question, the Assistant Director Law Governance and Resilience gave assurance that rule 4.1.15.7 in the Constitution regarding supplementary questions referred to one question per Member and not per portfolio area.

The Assistant Director Law Governance and Resilience recognised that the current layout of the Shirehall was not satisfactory but that this was one area which was being considered by the Accommodation Strategy Group. Proposals were being prepared for the creation of a civic hub based on Shirehall, Town Hall and a nearby building which would provide improved facilities for meetings. The proposals would be submitted to Members in due course.

RESOLVED THAT IT BE RECOMMENDED TO COUNCIL THAT:

- (i) the Constitution provide that Member questions at Council be grouped by the Monitoring Officer according to the appropriate Cabinet Member portfolio and in the order in which they are received;
- (ii) the Constitution provide that there should be a limit of two placed upon the number of questions any one Councillor may ask;
- (iii) the Constitution provide that there be a time limit of one minute for a supplementary Member question; and
- (iv) the current practice of listing disallowed questions be discontinued.

102. INTERNAL AUDIT PROGRESS 2011/12

The Head of Audit services presented a report which provided an update for the Committee on the progress of internal audits together with any key internal control issues arising from work which had recently been completed. The Committee noted the following work which had been undertaken by Audit Services:

- thirteen reviews had been finalised and three reviews drafted. No significant issues had been revealed by the audits;
- a further seventeen audits were being completed and included General Ledger, IT, Creditors and a review of the balances bought forward on the Council's Agresso financial management system; and
- an internal payment fraud had been reported to Internal Audit which was under investigation. It was an extremely rare event but controls had immediately been put in place to prevent a reoccurrence. The Anti-Fraud and Corruption – Review of Council's arrangements and Awareness Training would probably be held in abeyance for the time being, pending the results of the Police investigation.

Audit Services was continuing to provide support, guidance and information in a number of areas to Officers in respect of specific reviews and information about these had been included in the report. The additional information requested by the Committee at the last meeting had also been included in the report. A legend would also be included in the Status column in Appendix 1 at the request of Members.

The Head of Audit Services said that in cases where audits had been delayed, such as the Halo review, or departmental restructuring, other items in the programme had been brought forward.

The Head of Audit Services was in the process of developing the Internal Audit Plan for 2012/13. This involved meeting with members of the Council's HPSLT and other Director's and managers within the Council to understand the key issues affecting the organisation and how these would impact on the Plan. The Plan would be submitted to a future meeting of the Committee.

Members were pleased with the way in which matters were progressing. It was noted that the Council was investing considerable resources in the partner organisations but Members did not always feel that it was clear about the funding and financial arrangements that were in place. It was important that clarity was provided in the audits. A timetable of those pending for Amey, Hereford Futures and Halo was required by the Committee. Areas of importance were seen to be the partnership arrangements and

activity, openness and transparency, including the level of support by the Council and the service which was being provided for its investment.

The Chief Officer Finance and Commercial explained that as the Council moved towards becoming more of a commissioning authority, there would be more frequent reports to the Committee about the auditing arrangements for partner organisations. He explained the arrangements that were in place or under development regarding those organisations. Members asked if the Committee could see the management accounts for organisations such as Hoople and Amey and the Chief Officer Finance and Commercial said that he would look into what information could be provided. Members felt that it would be useful if a summary timetable sheet could be prepared and updated as necessary about the flow of information from partners and the Chief Officer Finance and Commercial would address this. Members felt that it was important for the Committee and the Overview and Scrutiny Committee to be assured that the arrangements with partner organisations was providing the Council with value for money.

Referring to the audits which had been undertaken, Members asked about the follow-up arrangements to ensure that the findings were complied with. The Head of Audit services said that recommendations were made to the appropriate officer and improvements then implemented. Audit Services would then subsequently check upon the new arrangements. Members referred to the Agresso financial management system and asked if information about it could be incorporated in a future report.

Members discussed the reviews that were being undertaken and the Head of Audit services said that they looked at the controls involved which minimised risk. The Committee felt that it would be useful if the reviews in the report were set out in portfolio area and the Head of Audit Services said that he would have a look at distinguishing between corporate themes and directorate issues in the report. A question was asked about a number of audits which appeared in the Progress Report for September 2011 which were not shown within the current report. The Head of Audit services said that it was likely that these had been redefined or incorporated into other reviews but that he would check on the matter.

RESOLVED THAT

Subject to the foregoing, the report be received and noted.

103. DATE OF NEXT MEETING

11th May at 2:00 pm.

The meeting ended at 11.20 am

CHAIRMAN