

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 28 November 2016 at 10.00 am

Present: Councillor PD Newman OBE (Chairman)
Councillor FM Norman (Vice Chairman)

Councillors: EPJ Harvey, JF Johnson, RL Mayo, RJ Phillips, AJW Powers, and J Stone

In attendance: Councillors A Seldon and PM Morgan

Officers: Annie Brookes, Mark Taylor and Claire Ward, Josie Rushgrove and Chris Jenner

169. APOLOGIES FOR ABSENCE

Apologies were received from Councillors ACR Chappell and LC Tawn.

170. NAMED SUBSTITUTES (IF ANY)

In accordance with paragraph 4.1.23 of the council's constitution, Cllr AJW Powers attended the meeting as a substitute member for Cllr LC Tawn.

171. DECLARATIONS OF INTEREST

There were no declarations of interest.

172. MINUTES

RESOLVED:

That the minutes of the meeting held on 22 September 2016 be confirmed as a correct record and signed by the chairman.

173. WORKING GROUP UPDATE: COUNCIL CONSTITUTION

The vice chairman introduced the report and the monitoring officer made a presentation on the revised constitution highlighting the following points:

- A cross political working group had been convened in 2014 to consider how governance arrangements could be improved. The constitution had been revised following extensive consultation with all members and based on the adopted four design principles.

If the revised constitution was approved by Council on 16 December, the following key changes would take place:

- The size of committees would be smaller between 7-9 members.
- There would be three scrutiny committees rather than the existing two with clearer arrangements for task and finish groups and call in.
- There would be a planning and regulatory committee with a licensing sub committee.

- There would be Members' training between January and April 2017, with the new constitution being implemented in May 2017.

The Chairman exercised his discretion to allow members of the working group to speak.

In response to a member's question about the flexibility of the timing of committees being left to the committee chairs, it was confirmed that the working group had discussed this issue in detail. It was noted that the flexibility of meetings could be further discussed in the proposed guidance and training sessions which would take place between January and April.

It was noted that the basis for the new constitution was flexibility. If it was proving to be inflexible, then the committee would have an opportunity to review it.

In answer to a member's questions about the role of group leaders and the attendance at cabinet and being able to speak, it was confirmed that group leaders would have the ability to speak at cabinet as they do under the current constitution. It was further noted that a new part of the constitution enables political groups to be able to feed in their views on key decisions being taken more formally and to have more influence on the decisions being taken.

There was a need to revise the way in which members engage in the decision making process. The member development working group was looking at the training programme for members.

The working group had requested the facility of members of the public and members to ask questions which would encourage greater public engagement and participation.

In response to a member's question about the forward plan, it was confirmed that a forward plan of all key decisions was publically available on the council's website.

It was agreed that an annual review of the constitution would be added to the work programme.

The working group were congratulated and thanked for their work on revising the constitution.

RESOLVED:

- (a) That the revised constitution be recommended to full Council for adoption.**
- (b) That authority is delegated to the solicitor to the council to make technical amendments (grammatical, formatting and consistency) necessary to finalise the revised constitution.**
- (c) That the standards working support the monitoring officer in undertaking a review of the councillor code of conduct and the associated member codes; and**
- (d) That the monitoring officer be asked to obtain volunteers from the committee to be members of the standards working group.**

174. ANNUAL REPORT OF THE MONITORING OFFICER

The monitoring officer presented the annual report of the monitoring officer.

It was explained that this would be the last annual report of the monitoring officer as it would in future form part of the annual governance statement. The report did not refer

to the recent Local Government Ombudsman report as this occurred outside of the financial year this report referred to.

Following a query from a member, it was confirmed that the increase in standards complaints was due to the use of social media and the trend was a lack of respect. There would also be an increase in complaints for this year. The standards working group would be revising the code of conduct for approval by Council in May 2017 and there would be a programme of training. It was suggested that the monitoring officer increase the number of independent persons so that the work was more evenly spread.

In relation to freedom of information (FOI) requests, it was noted whether 100 requests per month was high and there was a query as to whether this had been benchmarked against other local authorities. It was agreed that a report be presented to the committee on FOI requests and complaints which benchmarked against other local authorities and showed trends.

The monitoring officer was thanked for the report.

RESOLVED:

That the report be noted and a report on FOI and complaints be added to the work programme

175. PROGRESS REPORT ON 2016/17 INTERNAL AUDIT PLAN

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

Members' attention was drawn to the significant findings of the report which were:

- Car Parking Income and Enforcement
- Schools Financial Value Standard

It was noted that the telecare audit had been deferred until quarter 1 of 2017/18 to allow for partial assurance follow ups and an audit of the catering contract.

It was confirmed that the partial finding in relation to one school's financial value standard audit was due to the school's unofficial fund, e.g. fundraising. The school had not audited this fund for approximately three years and would now be putting in a procedure in place for this to happen annually.

In response to a member's question, it was confirmed that the special review was in the report as it had taken SWAP's resources. It related to an individual staffing matter which had been concluded and the findings reported to senior management.

It was confirmed that Councillor Newman would be representing the council on the Member Board of South West Audit Partnership. The officer representative would be the Financial Business Partner pending the appointment of a permanent Section 151 officer.

RESOLVED:

That the report be noted

176. 2015/16 ANNUAL AUDIT LETTER

Members were provided with an update on the annual audit letter.

It was noted that Grant Thornton had provided an unqualified opinion on the council's accounts and on the value for money.

The housing benefit subsidy claim work had been completed and given a reasonably clean bill of health.

In response to a member's question, the materiality definition was explained. The external auditors provide an opinion as to whether the accounts are a fair and true view. The committee's role was to seek assurance that the accounts are accurate. This assurance would come from a variety of sources, including the Section 151 Officer, finance team, annual governance report, auditors.

It was noted that the highways network asset revaluation work which had been required in 2016/17 had been deferred until 2017/18. It was agreed that a report would be added to the work programme in November 2017 to update on the progress.

A question was asked in respect of how close the council were to the £332k reporting of errors. It was explained that the changes to the accounts were around the disclosure notes rather than the figures. The council closes the accounts as soon as possible after the financial year end. By the time the external auditors come in, they might find issues such as an invoice being received over £300k which related to the previous year's accounts or an under/over estimation of depreciation. If these issues were found, they would be identified to the committee.

It was noted in the report that the Local Enterprise Partnership (LEP) accounting and governance arrangements were still evolving. The monitoring officer had reviewed the governance arrangements and was satisfied they were working well but that call in had not been utilised. It was agreed that the monitoring officer would circulate a note on LEP governance to committee members.

Following a member's query, it was confirmed that the external auditors look at the payments which Herefordshire makes to the Worcestershire pension scheme to check that they match. They will also look at the actuary's assumptions for the scheme.

It was noted that it would be challenging to make the social care integration finding robust due to the budget deficits of the Herefordshire Clinical Commissioning Group and Wye Valley NHS Trust.

The capital monitoring recommendations had been accepted by officers. There were no intentions to provide information which could potentially mislead members but there were significant inconsistencies in different reports. Officers have agreed to look at this.

In response to a Member's query, it was confirmed that it was the role of scrutiny to oversee the operational aspects of the waste PFI contract.

RESOLVED:

That the report be noted.

177. FUTURE WORK PROGRAMME

The committee's updated work programme was presented.

RESOLVED:

That subject to the additions agreed during the meeting, the work programme be agreed.

The meeting ended at 12.34 pm

CHAIRMAN