

MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	13 FEBRUARY 2012
PRESENT	COUNCILLORS JEFFRIES (CHAIR), BARNES, BROOKS (VICE-CHAIR), BURTON, CUTHBERTSON, WATSON AND STEWARD

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS.

41. DECLARATIONS OF INTEREST

At this point in the meeting, Members are asked to declare any personal or prejudicial interests they may have in the business on the agenda.

Councillor Brooks declared a personal interest as a Member of the Teachers Pension Scheme.

Councillor Cuthbertson declared a personal interest in relation to item 13 as a volunteer tour guide for the Mansion House.

42. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded from the meeting during consideration of Annex 1 to Agenda Item 10 on the grounds that it contains information relating to the prevention, prosecution or investigation of crime. This information is classed as exempt under paragraph 7 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006.

43. MINUTES

RESOLVED: That the minutes of the last meeting held on 5 December 2011 be approved and signed by the Chair as a correct record.

44. PUBLIC PARTICIPATION

It was reported that there had been two registrations to speak under the Council's Public Participation Scheme.

Paul Hepworth who is an occasional registered speaker, principally at Cabinet Member for City Strategy Decision Sessions had registered to speak in respect of Agenda Item 13 'Constitutional Changes'. He was particularly interested in the proposal to cease Cabinet Member Decision Sessions. He welcomed the proposal for decisions which attract substantial public interest to be considered by full Cabinet. He queried the facility for public registrations to speak and whether it would be retained as it was not mentioned in the report. A number of ways in which savings could be made by altering the way in which the public have access to agendas and reports were also suggested by Mr. Hepworth.

Councillor Healey had registered to speak on Agenda Item 13, in particular on the proposal to merge Scrutiny Management Committee and Effective Organisation Overview and Scrutiny Committee. He stated that since the new administration had taken over, SMC meetings had been cancelled but Effective Organisation Scrutiny had a work load. He suggested the continuation of Effective Organisation Scrutiny and having SMC as a forum made up of the Scrutiny chairs.

45. FORWARD PLAN.

Consideration was given to the forward plan of reports expected to be presented to the Committee during the forthcoming year to December 2012.

Officers confirmed that a number of changes had been made since the plan was last presented in December 2011. The changes included rescheduling the review of Audit and Governance Committee Terms of Reference from the February meeting to the April meeting.

Members requested that a report be brought back to the Committee regarding the Constitutional Changes outlined in agenda item 13.

RESOLVED: (i) That the Committees Forward Plan for the period up to December 2012 be noted.

(ii) That Members requested a further report on the Constitutional Changes proposed in item 13.

REASON: (i) To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.

(ii) To ensure the Committee can seek assurances on any aspect of the councils internal control environment in accordance with its roles and responsibilities.

46. AUDIT COMMISSION 2010/11 GRANT CLAIM CERTIFICATION WORK.

Members received a report which asked them to consider the Certificate of Claims and Returns Report 2010/11 produced by the Audit Commission which was attached at Annex A.

It was reported that the Audit Commission was responsible for certifying 9 claims and returns to the value of £197.1m in 2010/11 (compared to 11 claims and £142.1m 2009/10). This certification work is charged on an hourly basis to the Council; this totalled £46,785 in 2010/11 (£49,462 in 2009/10 and £54,806 in 2008/09).

The results of the Audit Commissions certification work showed that 4 of the 9 claims required amendment. The amendments were minor resulting in only 1 qualification letter.

The overall conclusion from the Audit Commissions findings was that the Council had progressed and had implemented previous recommendations on its grant claims arrangements.

Members commented that the report was constructive and reflected the hard work of the financial services team.

RESOLVED: That Members considered the content of the Certification of Claims and Returns Annual Report 2010/11.

That Members noted the Audit Commissions Certification of Claims and Returns report at Annex A.

REASON: To enable Members to consider the effectiveness of the Council's grant administration activity.

To enable Members to comment on the current arrangements.

47. SCRUTINY OF THE TREASURY MANAGEMENT MONITOR 3 REPORT 2011/12 AND REVIEW OF PRUDENTIAL INDICATORS.

Members considered a report which reviewed the economic market conditions in which the Treasury Management activities of the council are currently operating. Annex A of the report comprised of Treasury Management Monitor 3 report and Prudential Indicators report which provided Members with an update on Treasury Management activity for the first 9 months.

The report reviewed the economic market conditions in which the treasury management activities of the council currently operated. The highlights detailed were:

- The bank base rate would remain low for the foreseeable future with quarter 2013 being estimated as the first time it will rise.
- Investment rates would remain low with the investment of funds being limited due to the uncertainty surrounding the euro zone and the impact on the world market.
- Borrowing rates were continually monitored with there being some good opportunities to take loans at favourable rates.
- The target borrowing rate in 2011/12 is 4.3% and loans taken this year are below this target.

Members thanked Officers for the Treasury Management training session prior to the meeting.

RESOLVED: That the Audit and Governance Committee note the Treasury Management Monitor 3 and Prudential Indicators 2011/12 report at Appendix A.

REASON: To ensure those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

48. SCRUTINY OF THE TREASURY MANAGEMENT STRATEGY STATEMENT AND PRUDENTIAL INDICATORS FOR 2012/13 TO 2016/17.

Members considered a report which aimed to assist them in the scrutiny of the Treasury Management Strategy and Prudential Indicators for 2012/13 to 2016/17 by providing key areas and points to note.

Officers outlined the points of interest and Members sought further explanation on Prudential Indicator 2 'The Capital Financing Requirement' in particular debt consolidation.

RESOLVED: That the Audit and Governance Committee noted the Treasury Management Strategy Statement and Prudential Indicators for 2012/13 to 2016/17 at Appendix A.

REASON: That those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

49. COUNTER FRAUD: RISK ASSESSMENT AND REVIEW OF POLICIES.

Members considered a report which informed them about potential fraud risks that the council is exposed to and proposed counter fraud activity to address those risks. The report also details the outcome of a review of the councils counter fraud policies.

The assessment of fraud risks faced by the Council was attached at Annex 1. It built on the assessment carried out for the first time last year and gave an indication of the susceptibility of each area to fraud along with planned action by the internal audit and counter fraud teams.

Officers outlined the report and Members queried what the Council is doing to ensure Cash Collection is not such a significant risk. Officers confirmed that work is constantly being undertaken to reduce the risk.

RESOLVED:

(i) That Members noted the fraud risk assessment set out in Annex 1 and the proposed counter fraud work.

(ii) That Members noted the review of the councils counter fraud and corruption policy and fraud and corruption prosecution policy and the changes proposed.

REASON:

(i) To ensure that scarce audit and counter fraud resources are used effectively.

(ii) To ensure counter fraud procedures and policies are up to date as part of their responsibility for overseeing the councils overall governance framework

50. INTERNAL AUDIT PLAN CONSULTATION.

Members considered a report which outlined the priorities for internal audit for 2012/13 to inform the preparation of the annual audit plan.

In accordance with the CIPFA Code of Practice for Internal Audit (the Code of Practice), audit plans are prepared on the basis of a risk assessment process. Consultation with Members and Senior Council Officers is an essential part of the assessment process.

Members queried whether the high risk areas are prioritised for audit in the order of the list at annex 1. The Audit Officer confirmed that work is undertaken alongside senior management to identify areas of concern which need prioritising and that areas are not taken in the order of the list.

RESOLVED: That Members noted the proposed approach to internal audit planning for 2012/13 and made the comments detailed above.

REASON: To ensure that scarce audit resources are used effectively.

51. INFORMATION GOVERNANCE STRATEGY.

Members considered a report which informed Members about the Information Governance Strategy developed by the Council's Corporate Information Governance Group (CIGG) and the proposed action to strengthen information governance arrangements.

Attached at Annex 1 was the Information Governance Strategy developed by the cabinet office. It outlined five levels of maturity for information governance arrangements. Achievement at level 1 is sufficient to ensure the Council meets legal requirements.

Officers outlined the report and Members queried why the Council was still working towards level 1. In response, Officers advised that the Information Assurance Model is relatively new and that no organisation in the Public Sector had yet got beyond level 2.

RESOLVED: That Members noted the strategy adopted to improve information governance arrangements within the council and the action being taken to achieve level 1 of the Information Assurance Model.

REASON: As part of the committees responsibility to consider reports dealing with governance matters.

52. WHISTLEBLOWING POLICY UPDATE.

Members considered a report which shared with them the latest draft of a revised whistleblowing policy and procedures for the Council.

Members commented that the bullet point 'damages to the environment' was not clear and asked that the wording be amended to reflect that it refers to serious environmental damage.

RESOLVED: That Members supported the draft whistleblowing arrangements contained in the annex to the report, subject to the comments made above.

REASON: To confirm the Committees support for a key aspect of the governance arrangements.

53. CHANGES TO THE CONSTITUTION.

[See also under Part B Minutes]

Members considered a report which asked for their support for a number of changes to the Council's Constitution.

The report outlined a number of changes which Members considered in turn as outlined below.

Cabinet Member Decision Sessions

Members deferred making a decision on the abolition of Cabinet Member Decision Sessions and asked that a further report be brought back to the Audit and Governance Committee outlining a strategy for how public involvement can be maintained in the decision making process.

Member Champions

Due to pressures on Cabinet Members time, some Members felt that it would be beneficial to keep the Member Champions in place to provide an additional point of contact for residents and community groups. Other Members felt that the roles were not fully effective and the cross over with Cabinet Members and the Shadow Spokespersons made it viable to remove the constitutional recognition of the role.

Merger of Scrutiny Management Committee with Effective Organisation Overview and Scrutiny Committee.

Members agreed to the proposed merger and suggested that Membership should be proportional. Officers advised that Membership would be a matter for the political groups and would be subject to the annual meeting in May.

Abolition of Cabinet Working Groups

Members recommended that the Cabinet continue to be advised by a Mansion House Advisory Group to enable Members and the Public to continue be informed about the governance of the house. Members agreed to the abolition of the Young Peoples Working Group in light of the establishment of a successful Youth Council.

Establishment of a Corporate Parenting Board

Members agreed to the establishment of a Corporate Parenting Board.

Policy Framework

Members agreed that the HR, Procurement and Risk Management Strategies should be removed from the Constitution.

HR and ICT Procedure Rules

Members agreed to the removal of the HR and ICT procedure rules from the Constitution and noted that removing these rules would not affect controls within the Council.

Officer Decision Log

Members suggested that rather than removing the requirement for decisions to be recorded in an Officer decision log, that the wording in the Constitution be amended to reflect that only decisions that are considered noteworthy should be recorded.

Pre-Decision Call In

Some Members argued that pre-decision call in is useful for the public and members, especially for controversial decisions. However, other Members agreed that such call-ins are rare and as call-in meetings take place after any decision has been made, the practice should be discontinued.

- RESOLVED: i) That the Monitoring Officer will bring back a further report to the next meeting outlining a strategy for how public involvement can be maintained in the decision making process in relation to the abolition of Cabinet Decision Sessions.
- ii) Ask the Monitoring Officer to make the necessary changes to the written Constitution.

REASON: To ensure the Council has effective and efficient Constitutional arrangements in place.

PART B - MATTERS REFERRED TO COUNCIL.

54. CHANGES TO THE CONSTITUTION

[See also under Part A Minutes]

Members considered a report which asked for their support for a number of changes to the Council's Constitution.

The report outlined a number of changes which Members considered in turn as outlined below.

Cabinet Member Decision Sessions

Members deferred making a decision on the abolition of Cabinet Member Decision Sessions and asked that a further report be brought back to the Audit and Governance Committee after further consideration of how public involvement might be maintained in the decision making process.

Member Champions

Due to pressures on Cabinet Members time, some Members felt that it would be beneficial to keep the Member Champions in place to provide an additional point of contact for residents and community groups. Other Members felt that the roles were not fully effective and the cross over with Cabinet Members and the Shadow Spokespersons made it viable to remove the constitutional recognition of the role.

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Pre-Decision Call In

Some Members argued that pre-decision call in is useful for the public and members, especially for controversial decisions. However, other Members agreed that such call-ins are rare and as call-in meetings take place after any decision has been made, the practice should be discontinued.

RECOMMENDED: That Council approve the following Constitutional changes:

- i. Remove references to Member Champions from the Constitution.
- ii. Merge the terms of reference for the Effective Organisation Overview and Scrutiny Committee and the Scrutiny Management

Committee from the start of the next municipal year.

- iii. Note the abolition of the Young People's Working Group with a recommendation to Cabinet for the retention of a Mansion House Advisory Group.
- iv. Welcome the establishment of a Corporate Parenting Board and to agree that membership should be formalised at each annual meeting.
- v. Agree that the Procurement Strategy, the HR Strategy and the Risk Management Strategy no longer be treated as part of the Council's policy framework.
- vi. Agree to the removal of the HR Procedure Rules and the ICT Procedure Rules from the Constitution.
- vii. Retain the requirement for Officer decisions to be recorded within the Officer decision log with an amendment to the Constitutional wording to record only the decisions which the decision makers consider to be exceptionally noteworthy.
- viii. Remove provisions for pre-decision call in.

REASON:

To ensure the Council has effective and efficient Constitutional arrangements in place.

Councillor Jeffries, Chair

[The meeting started at 5.30 pm and finished at 8.30 pm].