



Minutes of the **Corporate Governance Committee** held in the Council Chamber, Council Offices, Lodge Road, Daventry on Thursday 26th January, 2012 at 6.15 p.m. (Concluded at 7.30 p.m.)

**PRESENT:**

Councillor John Shephard – Chairman

**Councillors:**

Nick Bunting (from 6.40pm)

Alan Chantler

Gloria Edwards-Davidson

Bob Patchett

Colin Poole

Also in attendance: Councillors Deanna Eddon and Wendy Randall

**CG.01/12 MINUTES**

**RESOLVED:**

That the Minutes of the meeting of the Corporate Governance Committee held on 29<sup>th</sup> September 2011, having been previously circulated, be approved and signed as a correct record.

**CG.02/12 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Brian Lomax and Pam Booker.

**CG.03/12 DECLARATION OF MEMBERS INTEREST**

No declarations of interest were declared.

No party whipping arrangements were declared.

**CG.04/12 ANNUAL AUDIT LETTER**

Consideration was given to the report of the District Auditor (previously circulated, report reference: CG.260112/1) concerning the Annual Audit Letter.

Neil Bellamy of the District Audit outlined the report, which constituted the formal public record of the results of the audit. The findings were positive and an unqualified opinion had been made on the accounts.

2010/11 had been a very difficult year economically and had seen the introduction of the new International Financial Reporting Standards but the Finance team were to be commended on well-managed accounts and working papers.

The Value for Money inspection had found that adequate arrangements were in place. Future challenges would exist for all Councils and Daventry District Council still had

specific issues to be resolved such as the DDH Pensions dispute and the Icelandic Bank matter. Mr Bellamy thanked the staff in the Finance Team for their cooperation and efficiency in assisting with the audit.

Councillor Colin Poole drew the Committees attention to page 4 of the Audit Letter, which stated “The Council has a good track record in making savings while improving its performance and the quality of its services...”

Councillor Alan Chantler considered that congratulations were due to staff, particularly those in the Finance Team.

In response to a question from Councillor Alan Chantler, the Chairman advised that the position of the Section 151 Officer not being part of the Senior Management Team had been fully discussed at a previous meeting and was under review, with a view to consider its operation at the end of the financial year.

**RESOLVED:**

That the Annual Audit Letter 2010/11 be noted.

**CG.05/12 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT**

Consideration was given to the report of the District Auditor (previously circulated, report reference: report reference: CG.260112/2) regarding the Certification of Claims and Returns Annual report.

Adrian Benselin outlined the report and advised that the Authority had performed well in preparing claims and returns. Auditors were satisfied that Officers were taking appropriate action with regards to any issues raised. The fees charged for the audit work had reduced from the previous year as fewer errors had been found and therefore less follow up work had to be undertaken by the Audit Commission.

In response to a question from Councillor Gloria Edwards-Davidson, the District Auditor advised that Disability Facilities Grants were part of a national scheme but operated differently at District level. The District Auditors work was risk based and as this particular grant was relatively small, audit work in the area was limited.

Councillor Colin Poole queried the fees charged by the District Audit and was of the opinion that due to the work undertaken by Internal Audit, the fees should be further reduced. Neil Bellamy advised that the fees had reduced and were actually very reasonable when compared to other District Councils.

**RESOLVED:**

That the Certification of Claims and Returns Annual report be noted.

**CG.06/12 INTERIM REVIEW OF THE CONSTITUTION**

Consideration was given to the report of the Monitoring Officer (previously circulated, report reference: report reference: CG.260112/3, page nos. 1 - 4) regarding the Interim Review of the Constitution.

The Monitoring Officer outlined the report and advised that the ICT Regulations had been reviewed as previously indicated. ICT Usage Practices were now proposed which would stand outside the Constitution, enabling them to be updated frequently as changes occurred regularly within Information Technology. It was proposed that the Constitution simply needed to reference the need for compliance with the Usage Practices in both the Employees' and Members' Codes of Conduct. Regarding financial regulations, it was proposed to give additional reference to authorisation levels. Current levels were also indicated following a request for clarification from Members. Amendments had also been made to job titles following the recent restructure. It was considered inappropriate for such minor changes to be reported to Committee, and it was intended to consider means of handling such minor changes in the future, as part of the Annual Review.

Reference was made to an on-going court case regarding prayers at Council meetings. Noting this, Members were keen that the tradition be retained.

Councillor Nick Bunting expressed concerns regarding the authorisation limits for the payment of accounts, particularly the 'unlimited' amount specified for the Chief Executive and the Deputy Chief Executive. The £500,000 specified for Senior Managers was also considered excessive, and at higher spending levels, two people should be required to sign off expenditure. Individual Managers would normally have different authorisation levels tailored to their budget and function.

The Monitoring Officer highlighted that all spending had to be conducted within the budget policy framework set by the Council.

The Section 151 Officer advised that she was not so concerned about the amounts involved but the processes put in place. An unlimited level of authorisation was required for the most senior Officers as occasionally payments had to be made at that level, such as the NNDR transfers. Controls were in place, budgets approved and the system was audited. Managers were expected to manage within their approved budgets and any expenditure outside of this would be reported to Committee.

The Section 151 Officer outlined the detailed process followed when investments were made, and offered Councillor Bunting the opportunity to observe the process being carried out. A copy of the procedures followed would also be provided.

In response to a question from Councillor Alan Chantler, the Monitoring Officer advised that there was potential for the Council to alter its Committee arrangements as part of the Localism Act, and this would be considered in due course. The Localism Act had identified options for councils in terms of committee arrangements, including whether to have a Scrutiny Committee and a Standards Committee. This would be considered at a later date in other forums and may result in changes to the Constitution accordingly.

**RESOLVED:**

That the proposed changes to the Constitution in respect of the following points are adopted:

- (i) ICT Regulations/Usage Practices
- (ii) Authorisations limits for the Payment of Accounts
- (iii) Amendments to job titles arising from the recent restructure

**CG.07/12 INTERNAL AUDIT – 2011/12 PROGRESS REPORT**

Consideration was given to the report of the Internal Audit Manager (previously circulated, report reference: CG.260112/4, page nos. 5 - 11) regarding the Internal Audit 2011/12 Progress report.

The Internal Audit Manager outlined the report and advised that interviews were underway for the vacant Internal Audit post. Due to the reduction in staff resources there had been a shortfall of 40 audit days, however all-high risk areas would be completed.

The set indicators were on a par with the final results for the previous year and indicated a year on year improvement. Managers' attention had been somewhat diverted for part of the year by the restructure and the savings agenda and it was now anticipated that focus could again be placed on implementing any outstanding recommendations.

The issue of monitoring Section 106 planning agreements was raised and the Chairman highlighted the need for an accurate and well maintained database. It was noted that the intention was for the database to be operational in March with management expected to provide an update to the next Senior Management Team meeting. Further update would be provided to this Committee in June as part of the Annual Audit Review for 2011/12.

The Monitoring Officer advised that the Council was now stable following the restructure, although the second phase of the Comprehensive Spending Review was awaited.

With regards to Sundry debtors, the Internal Audit Manager advised that the debt raising and management functions were currently being transferred to the Accountancy team. Staff in Revenues & Benefits were to receive training on legal recovery and the next annual audit would be carried out in February/March.

Councillor Colin Poole considered that the report was encouraging. The sentiments were echoed by Councillor Nick Bunting who noted that improvements continued to be made in what had been a very difficult year for the Council.

**RESOLVED:**

That the Committee endorses the audit plan progress and management's response to those aspects of the internal control environment highlighted within the report.

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Chairman