

**EPPING FOREST DISTRICT COUNCIL
CORPORATE GOVERNANCE GROUP MEETING**

**WEDNESDAY, 23 MAY 2012
(9.30 - 11.35 AM)**

Present: D Macnab (Acting Chief Executive) (Chairman) B Bassington (Chief Internal Auditor), C O'Boyle (Director of Corporate Support Services), R Palmer (Director of Finance and ICT) and I Willett (Assistant to the Chief Executive)

**Apologies for
Absence:**

Place: Room 1.05, First Floor, Civic Offices, High Street, Epping, Essex

121. DECLARATIONS OF INTEREST

None for this meeting.

122. MINUTES OF THE PREVIOUS MEETING -25.4.12

Agreed.

123. MATTERS ARISING

(a) Gift Registration (Minute 119(a))

Noted that the Chairman of the Audit and Governance Committee had requested further information on this minute and that a reply had been sent explaining the steps which had been taken to declare and register the gift concerned.

(b) Furniture Exchange Scheme (Minute 119(b)) (Furniture Exchange Scheme)

Noted that this minute had been queried by members of the Audit and Governance Committee in terms of potential risks to the Council.

The Corporate Governance Group noted that a reply had been sent outlining the steps being taken to minimise the risk to the Council and confirming that a clear Cabinet Decision was required in respect of this scheme before any Council funding was released.

(c) Buckhurst Hill Parish Council – Support from Human Resources

It was noted that members of the Audit and Governance Committee queried this minute. It was explained that the terms of a Service Level Agreement with the Parish Council concerned was still being investigated but it had been the intention that the responsibility for decision-making in connection with human resources and related matters at the Parish Council would remain solely the responsibility of that Council.

ACTION:

C O'Boyle to report back.

(d) Corporate Governance Group Minutes – Electronic Versions

Noted that the Chairman of the Committee had asked for more detailed descriptions of electronic documents relating to past sets of Committee Governance Minutes by reference to the date of the meeting and that this will be included in future.

ACTION:

I Willett to pursue.

124. TERMS OF REFERENCE

Noted.

125. AUDIT COMMISSION - NATIONAL LOCAL GOVERNMENT REPORTS AND STUDY ON NATIONAL FRAUD INITIATIVE (NFI)

The Corporate Governance Group received a report from the Performance Improvement Manager on recommendations arising from a recent Audit Commission National Local Government Study on the National Fraud Initiative. The report outlined that NFI continues to play a key role in the fight against fraud and that the main types of fraud identified in England included pensions, Council Tax and Housing Benefit, where frauds of approximately £179,000,000 had been identified.

The Audit Commission went on to explain that the exercise had also produced other significant results including the dismissal of 164 employees due to having no right to work in the UK, 235 properties recovered for social housing, 321 false applications removed from the Housing Waiting List following a pilot with London Borough Council; 731 people who were prosecuted and 31,937 blue badges and 51,548 concessionary travel passes being cancelled.

The Audit Commission had concluded that most bodies had sound arrangements in place for managing the NFI and for investigating data matches but that there were still some scope for improvement. The report had recommended that all audited bodies should ensure they maximise the benefits of their participation in the NFI and in particular local authorities should take steps to retain the capability to follow up matches not related to Housing Benefit after the proposed single Fraud Investigation Service is introduced. The Government was recommended to require all Central Government Departments and their "arms length" bodies to take part in the NFI and bring forward orders to extend the Commission's data matching powers to non-fraud purchases. The DCLG and Homes and Communities Agencies were recommended to encourage all Housing Associations to take part in the NFI.

The Corporate Governance Group noted that a change of emphasis was likely to take place in the future in the approach by the Audit Commission on NFI issues in that it will continue to develop NFI with a flexible range of data matching services to tackle the emerging fraud threats and meet the needs of participants.

The Commission would work with the National Fraud Authority to deploy the NFI to support the implementation of the "Fighting Fraud Locally" initiative for Local

Government and would work with other organisations such as the Cabinet Office to extend the benefits of NFI more widely.

It was noted that the new approach to NFI had re-focused on prevention rather than detection and that this had already been addressed in the Internal Audit Work Programme for the current year, where a vacant post in the Internal Audit Section would be specifically allocated to look at all areas of NFI activity including Housing, Council Tax and Benefits. Existing work to achieve data matching would continue as at present and the Corporate Governance Group concluded that so far as this Council is concerned there was full compliance with the requirements of NFI and the Audit Commission and that there was no reason to suppose this would not continue.

ACTION:

S Tautz to prepare report for the next Audit and Governance Committee.

126. CORPORATE RISK REGISTER

The Corporate Governance Group received a copy on the current version of the Corporate Risk Register from the Chief Financial Officer on a recent meeting of the Risk Management Working Party where the register had been reviewed.

The register was agreed subject to the following alterations:

- (a) Page 74 (Risk Results) – Update Key Objectives to reflect recent Council decisions.
- (b) Risk 34 (Benefits) – Amend risk to A2.
- (c) Risk 3 (Local Plan) – Amend risk to B2 and amend supporting text to indicate that the National Planning Policy Framework would be in effect before the Local Plan is completed and also to clarify the wording regarding staffing issues.
- (d) Risk 9(a) (Depot Manager) – Amend supporting text to indicate that discussions are planned with Harlow Council regarding additional management resources.
- (e) Risk 35 (Budget Reduction) – No change in the risk bearing in mind the likelihood that Government budget restrictions were likely to continue for next year.
- (f) Risk 29 (Gypsy Roma Traveller Provision) – Remove vulnerability (c) but with no change in risk score.
- (g) Risk 33 (Reform of Housing Revenue Account) – No change in risk but amend supporting details to refer to additional debt incurred by the Council as a result of recent Government changes and uncertainties regarding Government policy on Right to Buy not yet being known.
- (h) Risk 22 (Key Partnership Fails) – Add reference in supporting statement to the LEP and amend references to the Localism Act.
- (i) Risk 5 (Local Government Re-organisation which is Detrimental to the Council and Community) – Amend supporting statement in respect of “debt free status”.

The Corporate Governance Group also noted that new risks had been identified in relation to electronic document management and that a report was being prepared to a future meeting of the Management Board on action required which would then be reflected at the next review of the Risk Management Register.

Corporate Governance Group agreed to the updates to the Risk Register for further consideration by the Audit and Governance Committee.

ACTION:

R Palmer to pursue.

127. ANNUAL GOVERNANCE STATEMENT 2011/12

The Corporate Governance Group reviewed the draft Annual Governance Statement for 2011/12 and this was agreed subject to various minor clerical amendments and to the following:

- (a) Paragraphs 3.6 and 3.7 amend references to new Corporate Plan and new medium term aims.
- (b) Paragraph 7.1.6 (Housing) – Amend references to EU Procurement in relation to the Mears contract for Housing Repairs Management.
- (c) Paragraph 7.2.2 (Building Control) – Clarify the references to Building Control, Income and Planning fees to avoid confusion and clarify references to IT System issues relating to reconciliation processes.

The Corporate Governance Group cleared the draft Annual Governance Statement for submission to the Audit and Governance Committee at its next meeting.

ACTION:

B Bassington to pursue.

128. INTERNAL AUDIT MONITORING REPORT (JANUARY-MARCH 2012) - DRAFT REPORT TO AUDIT AND GOVERNANCE COMMITTEE

The draft Report and Monitoring Statement was approved subject to the following amendments and comments:

- (a) Benefits data – follow up on non submission of data to Internal Audit by some Directorates.
- (b) Paragraph 8 (Report) – finalise table of Performance Management Information.
- (c) Add sections listed under “Directors Assurance” in Appendix 2 to the report regarding Housing Repairs and Corporate Procurement.
- (d) Planning fees – ensure that the Monitoring report clarifies references to Building Control/Planning Fees to accord with the previously approved Governance Statement; and

- (e) include explanatory section regarding the limited assurance audit in respect of planning fees.

Corporate Governance Group also agreed that that proposed Audit Study in respect of Electoral Services (data quality) should be deleted from the deferred items for 2012/13 in view of the fact that data quality on Electoral Services is independently verifiable by the Electoral Commission.

ACTION:

B Bassington to finalise report for the Audit and Governance Committee.

129. INTERNAL AUDIT ANNUAL REPORT 2011/12 AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

The Corporate Governance Group considered a draft report for the Audit and Governance Committee at its meeting on 21 June 2012 on an annual report on Internal Audit which was combined with the required review of the effectiveness of the system of Internal Audit.

The Corporate Governance Group was satisfied with the conclusions of the Chief Internal Auditor that in overall terms, system controls throughout the Council were improving and that Directorates were becoming more committed to rectifying issues raised by Internal Audit. The group noted that the average cost per audit day for this Council was comparable with other Councils in the area and had been made more accurate as results of more analysis of the charging regimes for Broxbourne and Harlow Councils with which this authority was working in partnership.

The Chief Internal Auditor had concluded that in terms of the effectiveness of audit, the activities of his team were producing levels of assurance that were required of the Council. This had been confirmed by the Council's External Auditors (PKF) who had expressed satisfaction with the quality of the work being produced.

The Corporate Governance Group queried the rationale behind the level of achievement identified over the last two years which had remained constant but did not explain the reduced number of audit studies undertaken in the year 2011/12. The Chief Internal Auditor was asked to review the statement in order to make clear that the percentage achievement reflected decisions which were made about deduction of the Audit Programme for that year.

Otherwise, the Corporate Governance Group agreed the Annual Report and Review of the Effectiveness Statement for submission to the next Audit and Governance Committee.

ACTION:

B Bassington to pursue.

130. STANDARDS COMMITTEE

(a) Complaints, Assessments, Reviews and Adjudications

The Corporate Governance Group received the monitoring schedule in respect of complaints by members of the public against Councillors over alleged breaches of the Code of Conduct.

The Corporate Governance Group noted the position as follows:-

Complaint EFDC 2/2012 – Monitoring Officer and Local Assessments Officer attended the relevant Parish Council meeting on 26 April 2012 – Police involvement in some aspects of related events.

Complaint EFDC 3/2012 – New complaint which has resulted in an amendment to the subject member's Registration of Interest form and review of Planning compliance at his residence.

Complaints EFDC 5/2012 and 7/2012 – Assessment Sub-Committee had referred the two complaints for investigation under paragraphs 3.1 and 5 of the Code of Conduct and arrangements were being made for the Investigating Officer to be engaged from Essex County Council.

Complaint EFDC 6/2012 – complaint referred to the Monitoring Officer to discuss with the subject member issues regarding access to premises following a discussion between the Local Assessments Officer and the complainant.

(b) New Standards Arrangements – Update

The Corporate Governance Group was advised that it was likely that the Essex Public Legal Partnership would be finalising various procedures and documentation under the new Standards regime due to be introduced in July 2012 at a meeting to be held on Friday 25 May 2012. It was noted that the Monitoring Officer and Deputy Monitoring Officer had decided that the most suitable way of submitting these proposals to the Council on 18 June 2012 was by means of a Monitoring Officer report.

The Monitoring Officer's report would include reference to the position of Parish and Town Councils in the district, where a joint Standards Committee for those authorities was being promoted by the Epping Forest Association of Local Councils. After discussion at a recent meeting, the Monitoring Officer had been asked by the Association to write to all Parish Councils in the district to establish their wishes in terms of the adoption of a Standards Committee (which was optional) and a Code of Conduct and Complaints Procedure.

The Deputy Monitoring Officer explained that a recruitment exercise would shortly be embarked upon in connection with the appointment of independent persons which are required by statute to assist the Monitoring Officer in the conduct of Code of Conduct and Complaints matters. The Monitoring Officer and Deputy Monitoring Officer had concluded that it was now unlikely that the Council will be in a position to have its own independent persons appointed by the commencement date of early July 2012 and that this difficulty will be covered in the report to the District Council by suggesting that in the interim until the Council had been able to appoint its own independent persons, the Monitoring Officer be delegated authority to utilise the services of independent persons elsewhere in Essex.

131. ANY OTHER BUSINESS

(a) Payment of Allowances

Noted that a member of the Council had queried the need for receipts to be supplied in respect of claims for travel expenses and subsistence. The concern had been

expressed on the basis of the practices of Essex County Council which did not require the submission of receipts in these circumstances.

The Corporate Governance Group noted that as a result of previous Internal Audit reports, the policy had changed in relation to members travel and subsistence claims such that milometer readings for car mileage and receipts for public transport use and subsistence were required in order to validate claims. In exceptional circumstances, where receipts could not be provided and the circumstances were judged to be genuine, members were asked to sign a statement confirming that they had undertaken the duty and incurred the expenditure which was the subject of their claim. The Corporate Governance Group concluded that there should be no change in the validation of travel and subsistence claims and that the member concerned should be advised accordingly.

ACTION:

I Willett/G Lunnun to pursue.

132. DATE FOR FUTURE MEETINGS

20 June 2012 at 9.30 a.m. in the Acting Chief Executive's office.

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