

# GOVERNANCE AND AUDIT COMMITTEE

Date: 20 September 2017

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

Present: Councillors: Peter Wathen (Chairman)  
Alex Smith (Vice-Chairman)

Annabel de Capell Brooke  
Richard Gell  
Sylvia Hobbs

## External attendees:

Rachel Ashley-Caunt (Head of Internal Audit) For Agenda Item "Internal Audit – Progress and Performance"

Asim Iqbal (KPMG – the Council's External Auditors) For Agenda items "Annual Audit Opinion" and " External Audit Progress Report"

## 177. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Rupert Reichhold and Robin Underwood.

## 178. WELCOME FROM THE CHAIRMAN

The Chairman welcomed Councillor Annabel de Capell Brooke to her first meeting of the Committee.

## 179. MINUTES

The minutes of the meeting held on 26 July 2017 were approved and signed by the Chairman.

It was noted that training on "Audit Committee Effectiveness and the Responsibilities of an Audit Committee" which was scheduled to take place before this meeting of the Committee, would now be held immediately before the next meeting. Training on Risk Management would now be held prior to the January 2018 meeting of the Committee.

## 180. DECLARATIONS OF INTEREST

No declarations of interest were made.

**181. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3**

No questions were submitted under Procedure Rule 10.3.

**182. ANNUAL AUDIT OPINION 2016/17**

Asim Iqbal presented the External Audit's report advising members of the audit opinion provided by KPMG on their audit of the financial statements and conclusion on the use of resources in 2016/17.

KPMG were satisfied that the Council had in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

**RESOLVED:**

That the report be noted.

*(Reason: To ensure Members and key stakeholders are made aware of the Conclusion of the 2016/17 External Audit)*

**183. EXTERNAL AUDIT PROGRESS REPORT**

Asim Iqbal presented the External Audit's report providing the Committee with an overview of progress by KPMG in delivering their responsibilities as the Council's external auditors.

**RESOLVED:**

That the report be noted.

*(Reason: This is an information report which sets out the progress by the external auditors)*

**184. NATIONAL SCHEME FOR APPOINTMENT OF EXTERNAL AUDITORS - UPDATE**

The Chief Finance Officer provided an update on the national scheme for the appointment of external auditors following the Council's decision on 12 December 2016 to approve the recommendation by the Governance and Audit Committee to opt into the Public Sector Auditor Appointments (PSAA).

The Council had been advised in June 2017 that the procurement had been completed and provided with details of the contracts awarded.

Under the Regulations, PSAA were required to appoint an external auditor to each opted-in authority and consult the authority about the proposed appointment. The proposal for ENC was to appoint Ernst & Young LLP to audit the accounts for a period of five years from 2018/19, with the appointment commencing on 1 April 2018. If the Council was satisfied with this appointment, confirmation would need to be provided to PSAA by 22 September 2017.

PSAA would consult on scale fees for 2018/19 in due course and would publish the confirmed scale fees for 2018/19 for opted-in bodies on their website in March 2018

**RESOLVED:**

That the appointment of Ernst & Young LLP as the Council's external auditors from 1 April 2018 be approved.

*(Reason: To provide assurance that the Council has appropriate arrangements in place and can satisfy its obligations in appointing an external auditor in accordance with the deadline of 31 December 2017).*

**185. RISK MANAGEMENT UPDATE – QUARTER 2 (2017/18)**

The Finance Manager presented a report on the Council's current risk scores for Quarter 2 of 2017/18 and noted that there had been a major review of corporate risks which had resulted in a significant number of changes.

**RESOLVED:**

That the current status of risks included in the report for the period to September 2017 be noted.

*(Reason: To ensure the Council has an up to date and effective risk reporting process in place)*

**186. ANNUAL REVIEW OF THE COUNCIL'S CONSTITUTION**

The Monitoring Officer presented proposed revisions to the Council's Constitution following her annual review. The minor proposed changes reflected changes in legislation, officer structure or current Council practice and more significant changes were proposed to the scheme of delegation in relation to the issue of cautions and Tree Preservation Orders.

Two key changes were proposed to Part 3.2 of the Constitution, the scheme of delegation. The first put Planning Enforcement Officers in the same position as Environmental Health Officers in relation to the ability to issue cautions. The second provided the ability of Planning Officers to revoke Tree Preservation Orders in two different scenarios with commensurate levels of Councillor consultation.

Changes were also proposed to Part 4.3 (Financial Regulations) to reduce the need to refer back to full Council for minor changes between Development Pool and Capital Project lines. The Chairman indicated that he had only received a copy of the report that day and, together with the Vice-Chairman of the Committee, wished to consult the Chairman of the Finance Sub-Committee before the proposed changes to Parts 4.3 and 4.6 (Procurement) were recommended to Council.

Following recent revisions to Part 5.4 (Planning Procedures), and with the approval of the Chairman of the Planning Management Committee, it was proposed to amend the list of persons able to attend planning site visits to include any Councillor who had called an application into Planning Management Committee to enable them to present the reasons why they had called the application in.

## **R.8 RESOLVED TO RECOMMEND TO FULL COUNCIL:**

That, with the exception of the changes to Part 4.3 (Financial Procedure Rules) and 4.6 (Procurement) proposed in the report, the Constitution be amended, as set out in Appendix A.

### **RESOLVED:**

That the Monitoring Officer, in consultation with the Chairman and Vice-Chairman of the Committee, be authorised to submit proposed changes to Parts 4.3 (Financial Procedure Rules) and 4.6 (Procurement) directly to Council.

*(Reason: To ensure that the Constitution continues to provide appropriate guidance on Council decision making).*

## **187. ANNUAL LETTER FROM LOCAL GOVERNMENT OMBUDSMAN**

The Monitoring Officer reported the receipt of the annual letter from the Local Government Ombudsman to East Northamptonshire Council. A copy of the letter was submitted together with a summary of the complaints statistics.

### **RESOLVED:**

That the report be noted and that a similar report will be produced annually.

*(Reason: To meet the terms of reference of this Committee to receive external regulatory body reports and to demonstrate best practice in making reports available to councillors and the public).*

## **188. INTERNAL AUDIT – PROGRESS AND PERFORMANCE**

The Head of Internal Audit presented a report providing information on the progress made on each of the audit assignments along with performance information for the Internal Audit service to the end of week 22 (25 August 2017).

It was proposed to amend the Audit Plan for 2017/18 to incorporate two additional assignments requested by this Committee and the Finance Sub-Committee and the revisions proposed had been discussed with the Corporate Management Team.

### **RESOLVED:**

- i) the progress and performance of the Consortium and the key findings from audits delivered during the period be noted.

*(Reason: To review the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements in accordance with the Public Sector Internal Audit Standards)*

- ii) the proposed amendments to the Audit Plan 2017/18, as set out below, be approved.

*(Reason: To amend the Audit Plan to address key risks and priorities by exercising Committee's role in formally approving the Audit Plan and any amendments)*

<b>Audit Assignment</b>	<b>Proposed action and reason</b>	<b>Implication for Audit days required</b>
Fire Safety	Add to Audit Plan 2017/18 – request from Governance & Audit Committee and management	+ 10 days
Debt Management	Add to Audit Plan 2017/18 – request from Finance Sub Committee	+ 10 days
Treasury Management	Defer to 2018/19 and deliver in April 2018. Enables full financial year to be reviewed. An annual audit in which no significant issues have been reported in recent years.	- 10 days
Efficiency Plan	Remove from Audit Plan 2017/18. Sources of internal assurance available and lower value than other proposed assignments.	- 7 days
<b>Total</b>		<b>+ 3 days (to be commissioned as additional Audit Days)</b>

**Chairman**

**Proposed Changes to Constitution – Red is proposed new text, strike-through indicates text to be removed**

<b>Constitution Reference</b>	<b>Track Change Version of Changes – red text is proposed <i>insertion</i> whilst deleted-text is proposed for removal</b>	<b>Comments</b>
Part 1 - Intro	The <del>Development Control</del> <b>Planning Management</b> Committee deals with planning applications and the enforcement of such decisions. The Licensing Committee is responsible for a range of licensing activity including liquor, public entertainment and gambling licensing. The majority of licensing decisions are made through Panels comprising three councillors.	Minor change reflecting change of name of Committee
Part 2 - Articles	<b>Index</b> Add in References to 8.03 Scrutiny and Governance & Audit Committees and 8.04 Proceedings of the Committees and page number	Minor editorial change
	<b>Article 3 - 3.01 (e) Complaints.</b> Citizens have the right to complain to: (i) the Council itself under its complaints procedures (see <b>Council's Customer Feedback and Complaints – Policy on <a href="https://www.east-northamptonshire.gov.uk/info/200221/complaints_-_advocacy/232/customer_feedback">https://www.east-northamptonshire.gov.uk/info/200221/complaints_-_advocacy/232/customer_feedback</a></b> ) (ii) the Local Government Ombudsman after using the Council's own complaints procedure; (for further details see <a href="http://www.lgo.org.uk/make-a-complaint">http://www.lgo.org.uk/make-a-complaint</a> ) or (iii) the council's Monitoring Officer about an alleged breach of the Councillor's Code of Conduct.(See <a href="https://www.east-northamptonshire.gov.uk/info/200033/councillors_democracy_and_elections/1395/complaints_about_councillors">https://www.east-northamptonshire.gov.uk/info/200033/councillors_democracy_and_elections/1395/complaints_about_councillors</a> and Part 9 of this Constitution	Minor editorial changes designed to assist users
	<b>Article 4 4.02 ii)</b> Add <b>Local Plan (excluding Neighbourhood Plans)</b> to list	Agreed by Council July 2017

	11:01 b) Add to list of line management of Heads of Service for Chief Executive and Executive Director <b>Head of Economic and Commercial Development</b>	Minor editorial change to reflect current staff structure				
Part 3.1 Scheme of Delegation	<b>1. Responsibility for council functions - Table</b> <ul style="list-style-type: none"> <li>Change Title of Committee: <del>Development Control</del> <b>Planning Management</b> (Regulatory)</li> </ul>	Minor change to reflect previously agreed change of name of Committee				
	<p>Add in to table</p> <table border="1" data-bbox="394 708 1848 1121"> <tr> <td data-bbox="394 708 759 1121"><b>Grievance Committee</b></td> <td data-bbox="768 708 1122 1121"><b>3 councillors</b></td> <td data-bbox="1131 708 1491 1121"><b>The determination of grievances against the Chief Executive</b></td> <td data-bbox="1500 708 1848 1121"> <ul style="list-style-type: none"> <li>To uphold or dismiss the grievance.</li> <li>To refer an upheld grievance to an Investigation and Disciplinary Committee (to be created and approved by Council).</li> </ul> </td> </tr> </table>	<b>Grievance Committee</b>	<b>3 councillors</b>	<b>The determination of grievances against the Chief Executive</b>	<ul style="list-style-type: none"> <li>To uphold or dismiss the grievance.</li> <li>To refer an upheld grievance to an Investigation and Disciplinary Committee (to be created and approved by Council).</li> </ul>	Editorial amendments reflecting establishment of Committee agreed at July Council
<b>Grievance Committee</b>	<b>3 councillors</b>	<b>The determination of grievances against the Chief Executive</b>	<ul style="list-style-type: none"> <li>To uphold or dismiss the grievance.</li> <li>To refer an upheld grievance to an Investigation and Disciplinary Committee (to be created and approved by Council).</li> </ul>			
	<b>3. Delegation to Officers</b>  3.4 In the absence of a delegated officer all delegated powers <b>in Part 3.2 or other policies</b> may be exercised by the Chief Executive or Executive Director unless a specific qualification is required or the delegation is to a specific named officer.	Minor change to improve clarity and flexibility				

Part 3.2 - Scheme of Delegation to Officers	<p><b>A – PLANNING SERVICES</b>  <b>5A Issue of Cautions for minor offences.</b></p>	<p>Chief Executive, Executive Director, HoPS, PDM and Senior Planning Enforcement Officer</p>	<p>Additional delegation to mirror that available to Environmental Health Officers</p>
	<p>26A Revocation of Existing Tree Preservation Orders in cases of prior removal of tree or replacement of TPO</p> <p>26B Revocation of Existing Tree Preservation Orders in all other cases</p>	<p>HoPS, PDM, Planning Policy &amp; Conservation Manager SUBJECT TO CONSULTATION WITH LOCAL WARD MEMBERS</p> <p>Chief Executive or Executive Director SUBJECT TO CONSULTATION WITH THE CHAIRMAN OF THE DEVELOPMENT CONTROL COMMITTEE AND LOCAL WARD MEMBERS</p>	<p>Additional delegation to avoid decisions being required from Committee</p>
	<p><b>C FINANCIAL, STAFFING AND LEGAL/CORPORATE FUNCTIONS</b>  201 - To make application, in all appropriate cases, to administer the estates</p>	<p>LGSS Legal Service, Head of Environmental Services</p>	<p>Minor change to reflect change in council practice for deceased persons requiring public funeral through lack of kin</p>
	<p><b>E – PROPER OFFICER PROVISIONS</b>  Change from Chief Executive to Monitoring Officer for S 13 of the Local Government Act 1972 – Parish Trustee</p>		<p>Minor Change to reflect more appropriate responsible role</p>



Part 4.7 (Officer Employment Procedures	Para 7 – Add Head of Economic and Commercial Development and remove Head of ICT from list	Minor editorial change to reflect change to structure
Part 5.2 Officer Code of Conduct	<p><b>1. STANDARDS</b></p> <p>1.1 The Council expects its employees to give the highest possible standard of service to the public, within the best traditions of local government <b>and in accordance with the seven principles of public life (often referred to as the Nolan principles – see <a href="https://www.gov.uk/government/publications/the-7-principles-of-public-life">https://www.gov.uk/government/publications/the-7-principles-of-public-life</a>)</b> . Where it is part of their duties, employees are expected to provide appropriate advice to the public, councillors and fellow employees with professionalism and impartiality. These core values are set out in this code for employees.</p> <p>7.1 Employees must declare to their line manager any non-financial interests that may bring about conflict with the authority’s interests.</p> <p>7.2 Employees must declare to their line manager any financial interest which could conflict with the authority’s interests.</p> <p><b>7.3 The above includes the interests of close family or friends where these relate to council activities.</b></p>	Changes to highlight best practice

<p>Part 5.4 Planning Procedures</p>	<p>Para 4.4.1 – last sentence The officer’s advice on the likely acceptability of the proposal will be conveyed in writing to the developer and subject to the information provided by the developer being accurate and complete, will be <del>relied on</del> reiterated during the determination or appeal of any subsequent planning application</p> <p>Para 4.4.4 1st Bullet Point It will be made clear at pre-application meetings that</p> <ul style="list-style-type: none"> <li>• Only officers’ initial and provisional views can be given, based on the information provided, and the provisions of the Development Plan (including any relevant Neighbourhood Plan) and other adopted Council policy;</li> </ul> <p>Para 4.4.5 If at any point in the discussions the developer presses any councillors (particularly those serving on Planning Management Committee at the time of discussions) to take part in negotiations or express a view about the acceptability of the proposals, the officer will remind the meeting of the role of <b>councillors and that no decisions can be made at the site meeting.</b></p> <p>Para 4.4.10 To enable <del>this</del> <b>such publication</b>, when developers submit a request for pre-application they will be asked whether they agree to the release of correspondence at <b>the</b> application stage</p> <p>Para 4.5.3 For the benefit of the councillors, and anyone else on site or within hearing distance, the Chair or Vice Chair (of Planning Management Committee) must state the purpose of the visit, the procedure to be adopted, and tell everyone that the councillors will not hear oral representations as these can <b>only</b> be made at the Committee meeting.</p>	<p>Minor editorial and clarification changes</p>
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	<p>Para 4.9.4 The majority of contributions will be assessed using formulas set by Supplementary Planning Guidance. However these contributions have to be balanced with the need to ensure that <del>they</del> they do not <b>impede</b> the viability of delivery of the site. This can mean that difficult decisions have to be made as to which of the locally identified pressures is prioritised. The Case Officer will consult with relevant ward councillor(s) about the potential list of contribution areas to seek their views on the proposed priorities. The final decision on the Heads of Terms of the S106 Agreement will be confirmed at Planning Management Committee if the permission is agreed.</p>	
	<p><u>Para 4.5.6</u> The only persons allowed to be present on site, other than councillors of the Planning Management Committee and officers, are</p> <ul style="list-style-type: none"> <li>a) the owners and the applicant (where different) or agent, where their presence may be required to: <ul style="list-style-type: none"> <li>(i) provide access to the site;</li> <li>(ii) advise the Chair (or Vice Chair) of any health and safety implications;</li> <li>(iii) clarify any points of <u>information</u> which the Chair or Vice Chair (and <del>t</del> only they) require.</li> </ul> </li> <li>b) <b>The relevant ward councillor if the application has been called into committee by them. This councillor, through the Chair (or Vice Chair), may briefly summarise the issues that form the basis for the call-in. They should not participate in any further discussions as per paragraph 4.5.5.</b></li> </ul>	<p>See para 2.3 of covering report</p>

<p>Part 7 Management Structure</p>	<p><b>A Guide to the Council's Officer Structure</b></p> <p>The senior management structure of the Council is made up of the Chief Executive, Executive Director and the Chief Finance Officer who, with five Heads of Service, together comprise the Corporate Management Team (CMT). The Chief Executive and Executive Director are responsible for a number of functions, each of which is managed by a Head of Service.</p> <p><del>ICT: computer and network systems management and security; corporate projects, systems development; ICT procurement and ICT training; business systems support.</del></p> <p><b>Resources and Organisational Development:</b> corporate administration, <del>asset and amenity management,</del> <b>shared ICT service (with Wellingborough Borough Council) which includes computer and network systems management and security; corporate projects, systems development; ICT procurement and ICT training; business systems support;</b> Member services, committee administration, legal services and elections, organisational and Member development and business <del>analysis</del> <b>transformation;</b> pay and reward strategies; personnel management, training and development; payroll (now undertaken by Corby Borough Council), performance management framework; corporate policy development; print room and <del>external post services.</del></p> <p><b>Environmental Services:</b> food safety and health and safety matters, including enforcement; noise and air pollution; licensing; pest control; the dog warden service; waste management; private sector housing; public health; <b>grounds maintenance contract.</b></p> <p><b>Customer and Community Services:</b> community development, including the Local Strategic Partnership, area based initiatives and the co-ordination of services for children and young people and voluntary sector support, cultural strategy and crime and disorder reduction and community safety; the press &amp; media service and public relations; consultation and market research; graphic design and publicity; council tax collection; business rates; housing and council tax benefits; administration of concessionary fares; customer service standards, customer contact centre at East Northamptonshire House, the Rushden Centre and <del>a</del> <b>outreach services in Oundle and Raunds, external post services</b></p> <p><b>Planning Services:</b> development control matters including processing applications for planning permission, enforcement of planning consents and conditions; building regulations; planning policy including conservation and the local development framework; strategic housing functions; land charges; environmental improvements, economic development and tourism.</p> <p><b>Economic and Commercial Development:</b> <del>asset and amenity management, commercial strategy,</del></p> <p><del>The post of Chief Finance Officer and Head of ICT are share service posts</del></p>	<p>Minor change to reflect changes elsewhere in the Constitution.</p>
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Part 7 cont

**Chief Executive**

The Council's management structure provides for a Chief Executive, who manages the political interface with elected Members and focuses on overall corporate management and operational strategy. As the Council's Head of Paid Service, the Chief Executive is the principal adviser to the Council on matters of general policy. See diagram on page 3 for service responsibilities.

**Finance:**

The Chief Executive oversees the Executive Director and Chief Finance Officer. The Chief Finance Officer is also known as the Section 151 Officer and is required to ensure the lawfulness and financial prudence of decision-making. The responsibilities of the latter include administration of the Council's financial affairs, capital strategy, management of the shared financial service, asset management, external funding, internal audit shared services, procurement, risk management.

**Executive Director:**

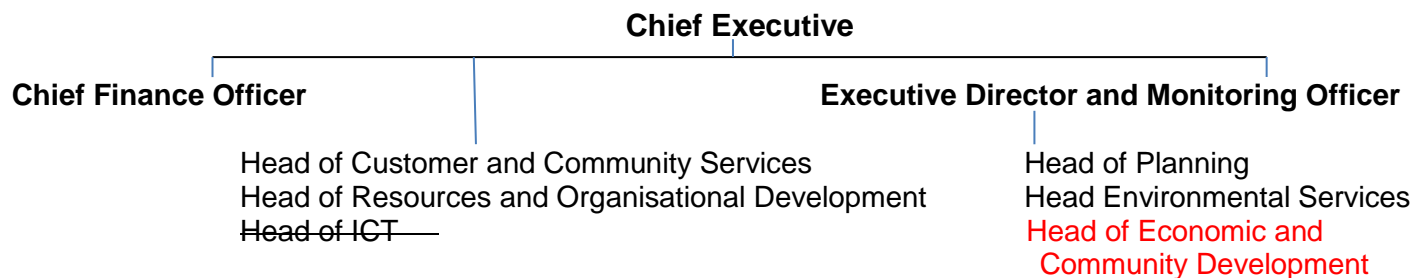
This Director is responsible for corporate strategy and policy development across the Council. See diagram on page 3 for service responsibilities.

The Director is designated as the Council's Monitoring Officer and is required to ensure the lawfulness and fairness of the Council's decision-making processes.

~~The two Heads of Service are—~~

**Deputy Monitoring Officer and Deputy CFO**

The Deputy Chief Finance Officer and the Deputy Monitoring Officer are personal appointments of the CFO and MO respectively but their appointments must be reported to full council



<a href="#">Part 8 Terms of Reference</a>	<p><b>Policy and Resources Committee</b>  (xv) To monitor and authorise debt write-offs in accordance with <del>Part 4.6a</del> <b>paragraph 5.49 of Part 4.3</b> of this Constitution.</p> <p>(xvi) Agreement of use of underspend from the previous financial year, <del>and carryforwards,</del> <b>and creation or enhancement of reserves.</b></p>	Minor change to reflect previous change to constitution and current practice
	<p><b>Personnel Sub Committee</b>  The Personnel Sub Committee is a standing sub committee comprising <del>6</del> <b>5</b> members of the Council's Policy &amp; Resources Committee established to determine matters relating to personnel and the health and safety of officers.</p>	Minor change to reflect current membership
	Retitle <del>Deenethorpe</del> <b>Tresham Garden Village Board</b>	Minor Editorial change to reflect new title for site