

Runnymede Borough CouncilSTANDARDS AND AUDIT COMMITTEE14 February 2006 at 7.30 p.m.

Members of the
Committee present: Councillors Ms. C.M. Simmons (Chairman), A.P. Tollett (Vice-Chairman),
Mrs L.M. Gillham, P.A. Greenwood, and Dr. R.F. Miller and Mrs C. Spurling
(Independent Members)

Members of the
Committee absent: Councillor Ms. R.E. Haylor.

540. MINUTES

The Minutes of the meeting of the Committee held on 13 September 2005 were confirmed and signed as a correct record.

541. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Ms. R.E. Haylor.

542. INTERNAL AUDIT

(Ref: Minutes of Standards and Audit Committee, February 2005, page 705, para. 523)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of Exempt Appendix '1' of this item under section 100A(4) of the Local Government Act 1972 on the grounds that the item in question would be likely to involve the disclosure of exempt information of the description specified in paragraph 12 of Part 1 of Schedule 12A of the Act.

Members recalled that the current reporting arrangements for the Internal Audit Plan were that the new Plan was reported at the February meeting with a progress report in September of each year.

The Committee was presented with the 2006/07 Plan. The Internal Audit section planned to allocate 235 days to systems based work (processes and procedures), 41 days to computer audits (software and technical issues), 20 days dedicated to contracts final accounts audits, 8 days to providing data for the identification of possible frauds, 10 days to review Performance Indicator calculations and holding 35 days in reserve for consultancy and unforeseen occurrences.

Members noted the increased allocation to computer audits; which as the Council became more heavily reliant on IT was inevitable. The new area of interest was Procurement which would concentrate on the procedures surrounding contracts under the new procurement strategy.

Officers were pleased to report that the Auditor who had been appointed to the section last year had passed the first of his professional examinations.

The Committee was pleased with the format of the Plan which clearly identified risks, actions required, action taken and progress.

It was agreed that Officers would report on progress made with the instances of income discrepancies that had been identified at the next meeting in September.

543. REVIEW OF ARRANGEMENTS FOR INTERNAL CONTROL 2005/06

(Ref: Minutes of Standards and Audit Committee, February 2005, page 706, para. 524)

The Committee received and considered a comprehensive report concerning the Council's arrangements for Internal Control, including a draft statement on internal control for 2005/06 and a draft protocol for staff on the Proceeds of Crime and money laundering.

It was noted that the Accounts and Audit Regulations 2003 required the Council to produce a statement on internal control, referring not only to financial matters but to governance aspects of accountability, effectiveness, openness and integrity.

There were eight stages that the Council would travel through in order to satisfy itself that the schedule of evidence supported the statement of internal control. These were:-

1. Establish principal statutory obligations and organisational objectives
2. Identify key risks to their achievement
3. Identify and evaluate key controls to manage principal risks
4. Obtain assurances on the effectiveness of key controls
5. Evaluate and identify gaps in controls and assurances
6. Produce an action plan to address gaps and ensure continuous improvement in internal controls
7. Produce the Statement on Internal Control
8. Report to Committee

Some Members expressed concern as to whether reports such as the one before them had the potential to dominate the Committee's time compared with standards related issues, and might require a degree of technical knowledge which some Members did not possess. However, the Committee was assured that Members were not expected to be expert in technical areas or have extensive knowledge of the Authority's management. The lay member was required to take an overview and to provide a perspective which might be missed by experts.

Members noted the detailed documents and procedures for internal control and agreed that the internal control framework appeared adequate from their perspective.

The main areas of weakness identified in the 2004/05 Statement were Risk Management, Member Working Groups, Comprehensive Performance Assessment - Council's priorities and Revenue Saving Targets. Members were content that progress was being made in these areas but requested that the Action Plan be phrased to make specific reference to positive goals and timescales.

With particular reference to the Member Working Groups it was acknowledged that in some cases it was possible for them to lose sight of their remit and to continue meeting beyond their useful life. In addition, it was important that Member Working Groups received the necessary professional input from Officers and that both Members and Officers understood the distinction between them and the formal committee structure to whom they should report on a regular basis. It was agreed therefore, that the parent committees of known working groups should be asked to review them on an annual basis and make clear to them their remit and timescale.

Officers had identified new areas where they thought improvements could be made which could be included in the Statement for 2005/06; these were Training on Internal Controls, Partnership Working, Business Continuity Planning, Procurement and Money Laundering. Members were content with this list and noted that a potential area of weakness, the processing of Standing Order 42's (to deal with Urgent Actions) had already been rectified.

Officers agreed to include within the statement on internal control a reference to efficiency savings rather than revenue reductions, as an ongoing target for the Council and to ensure that the correct terminology was used for matters relating to health, safety and welfare.

Members noted that the statement on internal control would be signed by the Chief Executive Officer and the Leader of the Council and that it had been drawn up using guidance issued by the Chartered Institute of Public Finance. However, it was suggested that it might be helpful to submit it to a peer group prior to seeking Committee approval.

The Committee discussed the onerous task that risk management placed on a small authority like Runnymede; for whom many of the issues were not as significant as they would be for a larger or more corporate body. Nevertheless, it was recognised that being able to demonstrate that sensible and wide ranging controls were in place was important. One such example was the proposed protocol for proceeds of crime and anti-money laundering which it was agreed addressed the spirit of the Regulations whilst recognising the onus that it placed on individual responsibility to detect and report such activity.

RESOLVED that –**the internal protocol for Proceeds of Crime and anti-money laundering be approved.**544. RISK MANAGEMENT – UPDATE

(Ref: Minutes of Standards and Audit Committee, September 2005, page 409, para. 237)

By resolution of the Committee the press and public were excluded from the meeting during the consideration of Exempt Appendix '2' of this item under section 100A(4) of the Local Government Act 1972 on the grounds that the item in question would be likely to involve the disclosure of exempt information of the description specified in paragraph 12 of Part 1 of Schedule 12A of the Act.

At its meeting in September 2005 the Committee had approved a revised Risk Management Strategy, and the Committee had agreed that an action plan be drawn up for each "risk cluster".

The Committee noted there were 26 corporate risks of which 12 lay outside the Council's "appetite for risk".

Since the publication of the Agenda, Officers had updated some of the material and this would be circulated separately. It was also confirmed that any new risks would be added to the plan for the next meeting in September.

545. STANDARDS OF CONDUCT IN ENGLISH LOCAL GOVERNMENT: THE FUTURE

Members received a summary of the Government discussion document. The model code of conduct for Councillors was to be revised, as was the framework covering political activities of Local Government employees. The role of the Standards Board for England, and its relationship to local Standards Committees, was to be modified. In addition, it was proposed to introduce a code of conduct for Local Government employees.

The Committee was generally pleased with the thirteen areas of change proposed for the Member Code of Conduct as set out below:-

- i) The ten General Principles of conduct would be formally included within the model Code (Runnymede's Constitution already reproduces these alongside the Code).
- ii) The Government would consider whether the requirement not to discriminate unlawfully was superfluous or whether it needed to be defined and backed up by legislation. The Code would, however, retain the broad requirement to treat others with respect.
- iii) A new provision would be introduced specifically covering bullying behaviour, whether towards Members, Officers, or members of the public. It would be broad enough to cover patterns of behaviour and single incidents.
- iv) An exception would be allowed to the requirement not to disclose confidential information where a Member could show that disclosure was in the public interest. The impact of the Freedom of Information Act would also be taken into account.
- v) The requirement not to bring a Member's office or authority into disrepute, to which Members were subject both in discharging their official duties and in their private lives, would be narrowed to regulate only matters which would be regarded as unlawful conduct.
- vi) It would be left to local protocols to govern most issues of how Members might use an authority's resources. However serious misuse of resources, particularly for political benefit (and including breaches of the local authority publicity code) would be regulated nationally. The Code would seek to define the scope of inappropriate political purposes.
- vii) Members would no longer be under a duty to report breaches of the Code by other Members.

- viii) Provisions would be introduced to prohibit intimidation of complainants and witnesses in an investigation for breach of the Code.
- ix) Options would be explored to attempt to limit trivial or politically motivated complaints.
- x) The Government would seek to clarify the rules for personal and prejudicial interests. It was likely that the term "friend" would be dropped in favour of another expression. Interests shared with a wide body of people would not have to be declared. Interests which arose solely through service on another public body, charity or similar would be treated more favourably than those which were Members' private interests. There would be greater local freedom to grant dispensations from the requirement to withdraw from a meeting where a prejudicial interest existed, if a Member was genuinely speaking on behalf of his or her constituents.
- xi) Members would still be required to register their employment details, but these would be kept in a private register rather than open to public inspection.
- xii) Members would still be required to register membership of charities and similar bodies, but the Government would review and clarify these requirements. It would also consider whether in some instances membership of private clubs needed to be registered.
- xiii) The threshold of £25 for registration of gifts and hospitality with the Monitoring Officer would be retained, and the register should become a public one.

In respect of v) Members expressed some concern that conduct would in future only cover unlawful conduct but were pleased that vii) would ease a source of anxiety. Members agreed that with reference to x) the definition of 'friend' should be reviewed as it had always been ambiguous.

The proposed changes to the way that Standards Committees and the Standards Board operated were:-

- i) Initial assessment of all allegations would be undertaken by Standards Committees, rather than the Standards Board for England.
- ii) Monitoring Officers would investigate most cases, and Standards Committees determine them, with only the most serious cases being referred to the Standards Board.
- iii) The Board would however have intervention powers if it appeared that a local Committee was not operating effectively.
- iv) Local Committees would be given greater powers of sanction.
- v) It would become mandatory for Standards Committees to be chaired by an independent Member.
- vi) Standards Committees would be subject to certain reporting requirements to allow the Standards Board to monitor progress and effectiveness.

Members recognised the shift in power and increased workload, particularly for the independent members, that these changes represented but were content with the proposals.

Members noted that Runnymede already had an employee code of conduct and awaited the detail of the draft model code. It was noted that all staff would have the new code embedded in their contracts of employment; however local protocols would be negotiated with the local branch of UNISON.

Some of the above proposals would need new legislation, a date for which had not been fixed. The Committee did not wish to make any formal representation to Government on the discussion paper.

It was agreed that a further report or reports would be submitted once implementation of the new proposals had been settled and the implications for Members and Officers were clarified.

Mrs. Spurling reported that she had recently attended two very useful sessions for independent members of Standards Committees. The Committee noted that a pool of independent members was being produced for the South East from which members could be drawn to sit on local Standards Committees.

546. OMBUDSMAN INVESTIGATIONS

Members noted that eight cases had been referred to the Ombudsman since the last meeting. In three cases the complaints were considered premature and had been referred back to the authority to be handled through the Council's complaints procedure. In a further four cases the complaints had not been pursued, either because there was no evidence of significant fault or injustice or no evidence of maladministration/procedural failure. In the final case the Ombudsman had investigated but not pursued owing to finding no fault such as to cause significant injustice.

The Committee was pleased that Runnymede continued to hold an unblemished record.

547. ADJUDICATION PANEL FOR ENGLAND - RECENT CASES

The Committee noted, and discussed, a number of cases which had been determined by the Standards Board for England or adjudicated by Case Tribunals.

One case highlighted the need for proper protocols to be in place and Officers confirmed that these would be reviewed as part of the annual review of the Council's Constitution.

It was suggested, with reference to one of the cases where a Member's interests had been questioned, that Officers should keep a note of advice given, particularly if a Member chose not to follow it.

Members were directed to the Adjudication Panel for England's website for further details and more cases.

548. COMPLAINTS AGAINST MEMBERS

The Council's Monitoring Officer had received no notification of complaints of breaches of the Code of Conduct against Members of the Council since the last meeting.

549. LOCAL INVESTIGATIONS AND HEARINGS

The Committee watched an informative training video called 'Going Local' which had been produced by the Standards Board for England. It took Members and Officers through the process for local investigation of an alleged breach of the Code of Conduct, and for conducting a hearing where it is found there is a case for the Member to answer.

The video highlighted the importance of the Monitoring Officer maintaining neutrality, planning the investigation, having attention to detail, recording their findings and keeping all parties informed throughout the process, and also covered the role of the Standards Committee and its Chairman.

Chairman

(The meeting ended at 10.27 pm)