

## JOINT MEETING OF THE AUDIT COMMITTEE AND STANDARDS COMMITTEE

**MEETING** : Thursday, 2 February 2012

**PRESENT** : Cllrs: Wood (Chair), Noakes, Lewis and McLellan  
Ms. E.K. Abderrahim, Independent member  
Mr J. Stedman, Independent member  
Mr A. Stewart, Independent member

### **Also in attendance**

Terry Rodway, Group Manager, Audit and Assurance  
Sue Mullins, Monitoring Officer  
David Tate, Group Manager, Business Transformation & Technology  
Will Newell, IT Manager  
Anthony Wisdom, Democratic Services Officer  
Parvati Diyar, Democratic Services Officer

**APOLOGIES:** Cllrs Wilson, Llewellyn, Hobbs and Porter

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. ELECTION OF CHAIR**

Councillor Wood was elected as Chair of the meeting.

### **4. PUBLIC QUESTION TIME**

There were no questions from members of the public.

### **5. PETITIONS AND DEPUTATIONS**

There were no petitions or deputations.

### **6. ICT POLICIES UPDATE**

The Group Manager, Business Transformation & Technology and the IT Manager presented the report which provided details of the updates on internal ICT Policies.

Members noted that the policies had been approved by Gloucester Leadership Team.

Members thanked the Group Manager for the concise presentation of the policies.

On being put to the vote, each Committee separately:

**RESOLVED TO RECOMMEND to the Council that:**

The revised policies be endorsed and circulated to the Trade Unions and the Employee Forum.

**7. LOCALISM ACT AND THE FUTURE OF STANDARDS COMMITTEE**

As the Standards Committee had previously considered this report Councillor Wood invited Ms. Abderrahim to chair the meeting for this item.

Members considered a report by the Monitoring Officer detailing the changes to the standards regime required as a result of the Localism Act 2011.

The Localism Act 2011 makes fundamental changes to the system of regulation of standards of conduct for elected and co-opted Councillors. The date for implementation of these changes was proposed to be 1<sup>st</sup> April 2012, but the Department of Communities and Local Government (DCLG) has indicated that the existing elements affecting local authority standards arrangements will be abolished on 1<sup>st</sup> July 2012.

Both the Audit and Standards Committee have a role in the governance arrangements of the Council: the Audit Committee is responsible for considering the Council's arrangements for corporate governance and recommending the necessary action to ensure compliance with best practice and the Standards Committee is responsible for promoting and maintaining high standards of conduct by Councillors and co-opted Members advising the Council on the revision of the Members' Code of Conduct.

Members considered each issue as set out in the report:

Issue 1 – The City Council must decide whether or not to set up a Standards Committee, and how it is to be composed.

On being put to the vote, each Committee separately resolved to recommend to Council:

- a. *That the Council considers combining the Standards Committee role with the role of the Audit Committee to establish a 'governance' Committee, subject to such combination being possible within the legislation;*
- b. *That, in the event of the Council agreeing to establish a combined 'governance' Committee as in (a) above, the Council also be recommended to delegate to the Committee the power to establish a sub-committee to conduct inquiries into complaints.*

The Audit Committee and Standards Committee shared concerns that no Members of Quedgeley Parish Council were in attendance.

After discussion both Committees believed that the future roles of the Audit and Standards Committees could be merged.

### Issue 2 – The Council has to decide what it will include in its Code of Conduct

Councillor Noakes noted that the recommendation should refer to the Leader of the Council rather than ‘Chair of Council’.

On being put to the vote, each Committee separately resolved to recommend to Council:

- a. *That the Monitoring Officer be instructed to prepare and present to Council for adoption a draft Code of Conduct. That draft Code should –*
  - i. *equate to Paragraphs 3 to 7 of the current Code of Conduct applied to member conduct in the capacity of an elected or co-opted member of the Council or its Committees and Sub-Committees; and*
  - ii. *require registration and disclosure of interests which would today constitute personal and/or prejudicial interests, but only require withdrawal as required by the Act in relation to Disclosable Pecuniary Interests.*
- b. *That, when the Disclosable Pecuniary Interests Regulations are published, the Monitoring Officer, after consultation with the Chair of the Governance Committee and the Leader of the Council, adds to that draft Code provisions which she considers to be appropriate for the registration and disclosure of interests other than DPIs.*

### Issue 3 – The Council has to decide what “arrangements” it will adopt for dealing with standards complaints and for taking action where a Member is found to have failed to comply with the Code of Conduct.

Please note: at Issue 7 of this report both Committees agreed to recommend that a merged Audit and Standards Committee should be called the ‘Governance Committee’ and this name has been used in these minutes for clarity.

On being put to the vote, each Committee separately resolved to recommend to Council:

**Recommendation 3A** – *That the Monitoring Officer be instructed to prepare and submit to Council for approval “arrangements” as follows -*

- a. *That the Monitoring Officer be appointed as the Proper Officer to receive complaints of failure to comply with the Code of Conduct;*

- b. *That the Monitoring Officer be given delegated power, after consultation with the Independent Person, to determine whether a complaint merits formal investigation and to arrange such investigation;*
- c. *That the Monitoring Officer be instructed to seek resolution of complaints without formal investigation wherever practicable, and that she be given discretion to refer decisions on investigation to the Governance Committee where she feels that it is inappropriate for her to take the decision;*
- d. *That the Monitoring Officer report quarterly to the Governance Committee on the discharge of their functions under b. and c. above;*
- e. *Where the investigation finds no evidence of failure to comply with the Code of Conduct, the Monitoring Officer be instructed to close the matter, providing a copy of the report and findings of the investigation to the complainant, the Member concerned, and to the Independent Person, and reporting the findings to the Governance Committee for information;*
- f. *Where the investigation finds evidence of a failure to comply with the Code of Conduct, the Monitoring Officer in consultation with the Independent Person be authorised to seek local resolution to the satisfaction of the complainant in appropriate cases, with a summary report for information to Governance Committee. Where such local resolution is not appropriate or not possible, she is to report the investigation findings to a Hearings Panel of the Governance Committee for local hearing;*
- g. *That Council delegate to hearings panels such of its powers as can be delegated to take decisions in respect of a Member who is found on hearing to have failed to comply with the Code of Conduct, such actions to include –*
  - i. *Reporting its findings to Council [or to the Parish Council] for information;*
  - ii. *Recommending to the Member's Group Leader (or in the case of un-grouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;*
  - iii. *Recommending to the Leader of the Council that the Member be removed from the Cabinet, or removed from particular Portfolio responsibilities;*
  - iv. *Instructing the Monitoring Officer to [or recommending that the Parish Council] arrange training for the member;*
  - v. *Removing [or recommending to the Parish Council that the member be removed] from all outside appointments to which he/she has been appointed or nominated by the Council [or by the Parish Council];*
  - vi. *Withdrawing [or recommending to the Parish Council that it withdraws] facilities provided to the Member by the Council, such as a computer, website and/or email and Internet access; or*

- vii. *Excluding [or recommending that the Parish Council exclude] the Member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.*

For clarity, Councillor McLellan noted that the following recommendation should refer to the Chair of the existing Standards Committee.

On being put to the vote, each Committee separately resolved to recommend to Council:

***Recommendation 3B*** – *That consideration be given to a meeting being arranged between the Chair of the Standards Committee and the Group Leaders for the City Council and representatives of Quedgeley Parish Council to discuss how the new system can best operate.*

Issue 4 – How many Independent Persons are required and how is their remuneration to be set?

Councillor Noakes noted that the recommendation should refer to the Leader of the Council rather than 'Chair of Council'.

On being put to the vote, each Committee separately resolved to recommend to Council:

#### **Recommendation 4**

- a. *That the Monitoring Officer, in consultation with the Chair of the Governance Committee and the Leader of the Council, and with HR advice, be authorised to set the initial allowances and expenses for the Independent Person and any Reserve Independent Persons, and this function subsequently be delegated to the Governance Committee*
- b. *That the Monitoring Officer advertise a vacancy of the appointment of one Independent Person and two Reserve Independent Persons*
- c. *That the Terms of Reference of the Organisational Development Committee be amended to allow for a sub-committee of three Members to be set up to shortlist and interview candidates and to make a recommendation to Council for appointment.*

Issue 5 – Preparation of the Registers

The Monitoring Officer advised that further guidance regarding those Councillors who were members of more than one authority was awaited. She would be discussing this situation with Quedgeley Parish Council and the County Council's Monitoring Officer.

Councillor Wood asked which authority would bear the costs of these matters and was advised that the Monitoring Officer could only recommend unless the matter was considered by a joint committee empowered to deal with all Members. She noted that the costs would fall to the City Council.

Councillor McLellan noted that similar discussions were taking place at the County Council.

Ms. Abderrahim noted that this issue was a concern for the National Association of Local Councils (NALC). She believed that the Council should encourage dialogue with and support for Quedgeley Parish Council with the aim of achieving consensus to support both Parish and City positions.

On being put to the vote, each Committee separately resolved to recommend to Council:

### **Recommendation 5**

- a. *That the Monitoring Officer prepares and maintains a new register of Members' interests to comply with the requirements of the Act and of the Council's Code of Conduct, once adopted, and ensures that it is available for inspection as required by the Act;*
- b. *That the Monitoring Officer ensures that all Members are informed of their duty to register interests;*
- c. *That the Monitoring Officer prepares and maintains new registers of Members' interests for the Parish Council to comply with the Act and any Code of Conduct adopted by the Parish Council and ensures that it is available for inspection as required by the Act; and*
- d. *That the Monitoring Officer arranges to inform and train Quedgeley Parish Clerk on the new registration arrangements.*

### **Issue 6 – What Standing Order should the Council adopt in respect of withdrawal from meetings for interests?**

Members expressed concern regarding the disclosure of interest by Members appointed to represent the Council on outside bodies. They requested the Monitoring Officer to draft a Standing Order for future consideration which would enable, in appropriate circumstances, such Members to remain in the meeting room.

On being put to the vote, each Committee separately resolved to recommend to Council that:

### **Recommendation 6**

- a) *The Monitoring Officer be instructed to recommend to Council a Standing Order which equates to the current Code of Conduct requirement that a Member must withdraw from the meeting room, including from the public gallery, during the whole of consideration of any item of business in which he/she has a DPI, except where he is permitted to remain as a result of the grant of a dispensation.*

- b) *The Monitoring Officer be instructed to draft a Standing Order for future consideration which would enable, in appropriate circumstances, those Members declaring an interest by virtue of an appointment to an outside body to remain in the meeting room.*

Issue 7 – In what circumstances should Standing Orders exclude single members from attending meetings while the matter in which they have a DPI is being discussed or voted upon?

On being put to the vote, each Committee separately resolved to recommend to Council that:

### **Recommendation 7**

- a) *The Monitoring Officer be instructed to recommend a Standing Order which makes provision for the situation where a Cabinet Member with delegated decision-making powers has a DPI in an item of business for their determination, except where such member has been granted a dispensation.*
- b) *The Monitoring Officer be instructed to prepare an appropriate form of words to reflect the concerns of the Committees' as expressed in Recommendation 6.*
- c) *The functions of the Audit Committee and the Standards Committee as amended by the Localism Act 2011 be combined in a single committee to be known as the Governance Committee.*

Issue 8 – What arrangements would be appropriate for granting dispensations?

On being put to the vote, each Committee separately resolved to recommend to Council that:

### **Recommendation 8**

*That Council delegate the power to grant dispensations –*

- a. *on Grounds set out in Paragraphs 11.3.1 and 11.3.4 of this report to the Monitoring Officer with an appeal to the 'Governance' Committee, and*
- b. *on Grounds 11.3.2, 11.3.3 and 11.3.5 to the 'Governance' Committee, after consultation with the Independent Person.*

## **8. REVIEW OF THE ANTI-FRAUD AND CORRUPTION POLICIES**

The Group Manager, Audit and Assurance, presented a report which sought approval for revisions to existing Anti-Fraud and Corruption Policies and proposed new policies for adoption.

Mr Rodway advised that an internal audit of the Council's Counter Fraud and Corruption arrangements identified the need to review the current arrangements against best practice guidance, as outlined in the CIPFA Better Governance Forum publication "Managing the Risk of Fraud".

He noted that in order to raise awareness of these revised policies, once approved, these policies would be put on the Council's website and intranet, and awareness training would be carried out for both staff and Members.

a) Anti-Fraud and Corruption Policy

Ms Abderrahim requested clarification of the meaning of paragraphs 1.3 and 2.2. Mr Rodway noted that the policy was intended for any individual or organisation that has dealings of a business nature with the Council.

The Monitoring Officer noted that references to the Standards Committee would be amended, if required, after the Council decision on the future of that Committee.

Ms Abderrahim noted that the policy indicated that the Council would normally wish the Police to be made aware of, and to independently prosecute offenders where financial impropriety is discovered. She called for deletion of the word 'normally'.

The Monitoring Officer believed such a deletion would fetter the Council's discretion as there were circumstances where use of disciplinary procedures would be more appropriate.

It was agreed that the following additions to paragraph 5.8 would be included:-

'in cases where the Police were not notified the reasons for that decision should be documented'.

b) Whistleblowing Policy

The Group Manager, Audit and Assurance was asked to make the following amendments to the draft policy:-

Paragraph 1.4                      Delete 'seek to'.

Paragraphs 3.6 & 5.7              Link these paragraphs to ensure that those considering whistleblowing anonymously were made aware of the protections that can be offered.

Paragraph 5.4                      The frequency of contact with informant needs to be specified.



c) Fraud Response Plan

The Group Manager, Audit and Assurance confirmed that the Benefit Fraud Investigation Team dealt with allegations concerning housing benefit. He noted that matters concerning the funding of voluntary organisations were addressed by the conditions attached to such funding agreements.

In relation of paragraph 4 of the draft Plan, the Monitoring Officer agreed to draft a clause for inclusion in the Fraud Response Plan setting out what actions the Council could take in response to allegations received in respect of third party organisations, such as voluntary sector organisations for external Contractors.

d) Anti-Bribery Policy

No comments were made on the policy and therefore they were agreed.

e) Anti-Money Laundering Policy

No comments were made on the policy and therefore they were agreed.

On being put to the vote, each Committee separately:

**RESOLVED TO RECOMMEND to the Council that:**

- i) the policies and plan in appendices A – E, as amended, are approved
- ii) that changes be made to the Audit Committee Terms of Reference to enable the Committee to approve all existing policies relating to the Council's anti-fraud and corruption arrangements and any new policies deemed necessary.

Time of commencement: 18:30 hours  
Time of conclusion: 20:10 hours