
GOVERNANCE COMMITTEE
MINUTES OF THE MEETING HELD ON 23 APRIL 2018

Present: Councillors Barnes-Andrews (Chair), Keogh (Vice-Chair), Inglis, Noon, O'Neill and Parnell

Apologies: Councillors Jordan

44. **STATEMENT FROM THE CHAIR**

Cllr Barnes-Andrews reported that this was the last meeting of the Municipal Year and thanked Members for their contributions.

In response Cllr Parnell thanked Cllr Barnes-Andrews for his chairing of the meetings and wished him well in his forthcoming Mayoral Year.

45. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 12th February 2018 be approved and signed as a correct record.

Matters Arising

Minute 35 – Quarterly HR Statistics

The Committee noted that there had been an error in the cover report and appendix to this item relating to the number of dismissals and the factual accuracies of those dismissed on disciplinary grounds and which had been removed from the Council's website. A correct report and appendix was reported to the meeting and was appended to these minutes for information which would be published on the Council's website.

46. **ANNUAL REVIEW OF THE CONSTITUTION**

The Committee considered the report of the Service Director Legal and Governance setting out the annual review of the Constitution which would be recommended to Council for approval.

The Committee supported the proposed annual review and highlighted that the Employment related matters were embedding but was still a work in progress that required monitoring.

Councillor Pope was in attendance at the meeting and with the consent of the Chair addressed the meeting.

RESOLVED: that the proposed changes to the annual review of the Constitution be recommended to Council for adoption.

47. **REVIEW OF THE CONSTITUTION – CRITERIA FOR CONFERRING ALDERMEN STATUS**

The Committee considered the report of the Service Director: Legal and Governance detailing a proposed criteria for conferring the status of Honorary Alderman in the City.

RESOLVED: that the proposed criteria for conferring the status of Honorary Alderman in the City as detailed in the report be recommended to Council for adoption.

48. **LOCAL AUTHORITY TRADING COMPANY (LATCO) - AMENDMENTS TO KEY DECISION THRESHOLDS AT COMPANY BOARD MEETINGS**

The Committee considered the report of the Service Director: Legal and Governance detailing the Local Authority Trading Company (LATCO) Amendments to Key Decision Thresholds at Company Board Meetings.

The Committee did express some concerns in relation to the proposed amendments but noted that there would be a fuller report and discussions at the Council's Annual General Meeting on 16th May 2018 on this matter. In addition the Committee noted that the LATCO would form part of the Authorities Accounts and as such would be subject to Overview and Scrutiny, Internal Audit, External Audit and relevant to the letter of opinion.

The Committee also requested that the relationship between the Committee and LATCO be subject of further consideration at its July meeting.

RESOLVED:

- (i) That the changes to the "Key Decision" threshold as it applied to Council appointed representatives (Officers and Members) exercising decisions as Directors and Shareholders of the LATCO at Board and Shareholder meetings and in relation to LATCO Company decision making in accordance with the Articles of the Company as set out in Appendix 1 of the report be recommended to Council for adoption; and
- (ii) That the relationship between Governance Committee and LATCO be considered at the July meeting of the Committee.

49. **CODE OF CORPORATE GOVERNANCE - ANNUAL REVIEW**

The Committee considered the report of the Service Director: Legal and Governance detailing the Code of Corporate Governance and setting out the commitment of the Council to uphold the highest possible standards of good governance.

RESOLVED: that the updated draft 2018 Code of Corporate Governance as detailed in Appendix 1 of the report be approved.

50. **ANNUAL INTERNAL AUDIT PLAN 2018-19**

The Committee considered the report of the Chief Internal Auditor detailing the Annual Internal Audit Plan 2018-19 which had been aligned to the Strategic Risk Register and Priority Outcomes and drafted alongside External Audit. The Committee noted that LATCO was listed within the plan and were provided with assurance that opinion had been given on pre-transfer. Moving forward there would continue to be a watching brief and opinion provided on anything further proposed to transfer over.

RESOLVED: that the provisional Annual Internal Audit Plan for 2018-19 as detailed in the appendix to the report be approved.

51. **INTERNAL AUDIT PROGRESS REPORT 2017-18**

The Committee considered the report of the Chief Internal Auditor detailing the Internal Audit Progress Report 2017-18 for the period 26th January 2018 to the 6th April 2018.

The Committee particularly noted Studio 144 and the “no assurance” that had been provided by internal audit. The audit review highlighted 5 high risk exceptions and no assurance that the project was managed in a way to minimise risk to the Authority. Key issues were:-

- Project Feasibility
- Project Setup
- Project Lifespan
- Financial Changes
- Residual Issues

The Committee also noted that there were ongoing contractual disputes with the project which were not in a position to be discussed at this stage for legal reasons. The Committee noted that the progress report only provided a summary into the full investigation therefore requested that the report be submitted to the next meeting for full discussion including the examination of the role of the Capital Board and its robustness together with the attendance of the Service Director Growth as the responsible service area Director.

Councillors White and Pope were in attendance and with the consent of the Chair addressed the meeting.

RESOLVED:

- (i) That the Internal Audit Progress report for the period 26th January 2018 to the 6th April 2018 be noted
- (ii) That the Studio 144 full investigation report be submitted to the next meeting for full discussion including the examination of the role of the Capital Board and its robustness together with the attendance of Mike Harris, Service Director Growth.

52. **INTERNAL AUDIT & COUNTER FRAUD CHARTER & CODE OF ETHICS 2018-19**

The Committee considered the report of the Chief Internal Auditor detailing the Internal Audit and Counter Fraud Charter and Code of Ethics 2018-19 as detailed in Appendix 1 of the report.

RESOLVED: that the Internal Audit and Counter Fraud Charter and Code of Ethics as detailed in Appendix 1 of the report be approved.

53. **INTERNAL AUDIT - REVIEW OF POLICIES 2018-19**

The Committee considered the report of the Chief Internal Auditor detailing Anti-Fraud, Bribery and Corruption, Money Laundering and Whistleblowing Policies 2018-19 as detailed in Appendices 1-3 of the report.

The Committee noted that the Money Laundering Regulations 2007 had been replaced with the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 which placed greater emphasis on risk assessments in relation to understanding areas of potential exposure and enhanced internal controls. The Committee also noted

that the previous Bribery Act Policy and Anti-Fraud and Corruption Policy had been amalgamated as the offences were interlinked and sat better considered together.

RESOLVED: that the reviewed Anti-Fraud, Bribery and Corruption Policy, the Anti Money Laundering Policy and the Whistleblowing (Duty to Act) Policy as attached as Appendices 1-3 of the report be approved.

54. **RISK MANAGEMENT POLICY AND ANNUAL ACTION PLAN**

The Committee considered the report of the Service Director Finance and Commercialisation detailing the Risk Management Policy and Annual Action Plan which had been reviewed and updated to ensure that it remained aligned with good practice and reflected the “business need”.

RESOLVED:

- (i) That the updated Risk Management Policy 2017-2021 as detailed in Appendix 1 of the report be approved;
- (ii) That the status of the 2017-18 Risk Management Development Plan as detailed in Appendix 2 of the report be noted;
- (iii) That the 2018-19 Risk Management Action Plan as detailed in Appendix 3 of the report be approved; and
- (iv) That a progress report detailing the Risk Management Action Plan be submitted to the September meeting.

55. **EXTERNAL AUDIT - PROGRESS REPORT**

The Committee considered the report of the External Auditor detailing the External Audit Progress Report for year ending 31st March 2018. The Committee particularly noted that the July Progress Report would pick up the value for money aspect of Studio 144.

RESOLVED:

- (i) That the External Audit Progress Report be noted; and
- (ii) That the July External Audit Progress Report pick up the value for money aspect of Studio 144.