

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Board Room, Council Offices, Coalville on WEDNESDAY, 7 DECEMBER 2016

Present: Councillor J Clarke (Chairman)

Councillors R Adams, R Ashman, F Fenning, D Harrison, G Hoult, P Purver, A C Saffell and S Sheahan

Officers: Ms L Cotton, Mr D Gill, Mr A Hunkin, Mr P Padaniya and Mrs R Wallace

External Audit: Mr T Crawley

21. APOLOGIES FOR ABSENCE

There were no apologies for absence.

22. DECLARATION OF INTERESTS

There were no interests declared.

23. MINUTES

Consideration was given to the minutes of the meeting held on 21 September 2016.

It was moved by Councillor D Harrison, seconded by Councillor G Hoult and

RESOLVED THAT:

The minutes of the meeting held on 21 September 2016 be approved and signed by the Chairman as a correct record.

24. ANNUAL AUDIT LETTER 2015/16

The External Auditor presented the report to Members, drawing their attention to the headline messages summarised within section one.

In response to a question from Councillor S Sheahan, the External Auditor explained that the sums of money referred to in the financial statements audit were simply recorded in the incorrect place, the figures themselves were correct. Councillor S Sheahan went on to ask if there was a further breakdown of the audit fee available as he felt it was not detailed enough within the report. The External Auditor explained that the fee was set by the regulator by assessing the risk of each individual authority and used quite a complicated method. In response to a further question, the External Auditor reported that if an authority was unhappy with the fee once it had been set then discussions would need to be had with officers and then it would go to the regulator for an independent view.

Councillor D Harrison raised concerns that the audit fee as stated was not the same as the figure in the later report; it seemed that sums were being hidden. The External Auditor explained that they were legally required to provide a fee letter each year which was adhered to, any additional audit work that was required to be completed within the year entailed an additional fee. He added that all fees were transparent and were not hidden in any way.

It was moved by Councillor D Harrison, seconded by Councillor R Ashman and

Chairman's initials

RESOLVED THAT:

The 2015/16 Annual Audit Letter be noted.

25. INTERNAL AUDIT PROGRESS REPORT - NOVEMBER 2016

The Senior Auditor presented the report to Members and commented that she had no concerns to draw attention to.

In response to a question from Councillor D Harrison, the Senior Auditor explained that the Enterprising NWLDC Grants Audit recommendations have been satisfactorily implemented and therefore they were no longer included within the report.

It was moved by Councillor R Adams, seconded by Councillor D Harrison and

RESOLVED THAT:

The report be noted.

26. TREASURY MANAGEMENT ACTIVITY REPORT - APRIL TO OCTOBER 2016

The Financial Planning Manager presented the report to Members, drawing particular attention to the treasury position, the investment activity with the average rate of return and the forecasts for the future.

Councillor S Sheahan asked if the interest rates would affect the investment activity in 2017/18. The Financial Planning Manager stated that he had forecasted that activity would be lower in 2017/18 due to interest rates.

It was moved by Councillor R Ashman, seconded by Councillor D Harrison and

RESOLVED THAT:

The report be approved.

27. STANDARDS AND ETHICS - QUARTER 2 REPORT

The Deputy Monitoring Officer presented the report to Members. He added that as of 5 December the Freedom of Information function had moved from Legal Services to the Business Improvement Team. The Business Improvement Team may wish to review how information is reported in the future.

In response to a question from Councillor R Ashman, the Deputy Monitoring Officer explained that the figures for corporate complaints included any carried over from quarter one.

It was moved by Councillor D Harrison, seconded by Councillor R Ashman and

RESOLVED THAT:

The report be noted.

28. FUTURE EXTERNAL AUDIT ARRANGEMENTS

The Financial Planning Manager presented the report to Members. He highlighted the advantages of opting in to the scheme and the reassurances from the Public Sector Audit

Chairman's initials

Appointments Ltd (PSSA). He added that the final decision as to whether the authority 'opts in' was to be made by Council in February.

In response to a question from Councillor R Ashman, the Financial Planning Manager clarified that it should save the authority money procuring the external auditors through the PSSA.

In response to a question from Councillor D Harrison, the Financial Planning Manager stated that there was not an exact figure for the amount of money that would be saved but there was a perceived advantage of using the PSSA. The position would be clearer in December 2017. The External Auditor added that it was the cost of the procurement that would be saved; the figure was approximately £15,000 to £20,000.

The Chairman reminded Members that the report was for noting and would be discussed in more detail at the Council meeting in February.

By affirmation of the meeting it was

RESOVLED THAT:

- a) The report be noted.
- b) It be noted that in accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, a decision to opt in must be made at a Full Council meeting, therefore this report would be considered at the next Council meeting on 23 February 2017.

29. COMMITTEE WORK PLAN

Councillor A C Saffell commented that he had raised concerns on the use of cloud technology and the security measures surrounding it. He believed that it was something the Audit and Governance Committee should be monitoring regularly. The Interim Director of Resources explained that an item was to be considered at the next Policy Development Group meeting and it would more appropriate for this group to regularly scrutinise it.

Councillor A C Saffell referred to recent external training he had received regarding the audit function for Members which he had found very useful. He commented that it was recommended that councils appoint an independent person to chair their Audit Committees.

The Legal Advisor stated that he was unsure of the advantage of appointing an independent chair person as the committee also consider member complaints. However, he was happy to look into the matter further with the Monitoring Officer along with the affect on the political balance of committees. It would be reported back to the next meeting.

The Chairman commented that he also attended the training and it was mentioned that an independent person would need an allowance for carrying out the role.

Councillor S Sheahan felt that the committee worked well in its current structure and would not support the change.

The External Auditor commented that most of the authorities he worked with did not have an independent chair person and he believed it was more important to have the right chair.

Chairman's initials

Councillor D Harrison raised concerns regarding Councillor A C Saffell's suggestion and he felt it would be difficult to appoint someone with no political persuasions at all.

Councillor F R D Fenning commented that the authority had an independent external auditor so he did not believe an independent chair person was necessary.

By affirmation of the meeting it was

RESOLVED THAT:

The Committee Work Plan be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.11 pm

Chairman's signature