

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 24 JUNE 2015

Present: Councillor J Cotterill (Chairman)

Councillors R Adams, R Ashman, J Clarke, F Fenning, D Harrison, G Jones and A C Saffell

In Attendance: Councillors R Johnson

Officers: Mr R Bowmer, Ms L Cotton, Mrs M Meredith and Miss E Warhurst

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

Councillor A C Saffell commented that he had given his apologies for the previous meeting due a liaison panel meeting taking place on the same date. He added that this was a Council function and he had been forced to decide which meeting to attend. He added that the same thing had happened tonight with planning training being organised for the parish council. He stated that much better organisation was needed to avoid such meeting clashes.

**2. DECLARATION OF INTERESTS**

There were no interests declared.

**3. MINUTES**

Consideration was given to the minutes of the meeting held on 25 March 2015.

It was moved by Councillor J Cotterill, seconded by Councillor D Harrison and

RESOLVED THAT:

The minutes of the meeting held on 25 March 2015 be approved and signed by the Chairman as a correct record.

**4. STANDARDS AND ETHICS - QUARTER 4 REPORT**

The Head of Legal and Support Services presented the report to members, highlighting that no complaints had been received in quarter 4, and that there continued to be a decrease in the number of Freedom of Information requests being received, which it was hoped would represent the trend in the future. It was considered that this reduction was largely due to having an increased amount of information available on the Council's website, which provided for greater transparency and allowed members of the public to find the information.

Councillor G Jones reported that he received notifications in respect of Freedom of Information requests, however he was currently unable to download the information relating to the request. The Head of Legal and Support Services agreed to look into this.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

Chairman's initials

## **5. INTERNAL AUDIT PROGRESS REPORT - MAY 2015**

The Senior Auditor presented the report to members, and gave an update on the work carried out between March and May this year. She advised that during April and May, a significant amount of resources had been utilised to complete to 2014/15 audit plan, and work had now started on the 2015/16 plan. She highlighted that no final audit reports had been issued for this period as some audits had taken longer than planned, and those reports would be brought to the next meeting. The Senior Auditor stated that it should be possible to catch up with this work and bring it back on track.

In response to a question from Councillor G Jones, the Head of Finance advised that the Council's data was stored on servers at the Council Offices which were backed up at the leisure centre. Cloud storage was not currently utilised.

In response to a question from Councillor F Fenning, the Senior Auditor advised that in addition to herself, the Internal Audit Team comprised 1 full time and 2 part time members of staff, one of whom was based mainly at Blaby District Council. She advised that there was a shared service arrangement with Blaby District Council. She felt that there was adequate resource at this time; there was some contingency built in and additional resources could be called upon as required. She added that external audit had raised no concerns, and were satisfied with the audit plan.

Councillor A C Saffell referred to Appendix E of the report and expressed concerns about the security of data. He asked whether further checks could be put in place via the internal audit team.

The Head of Finance advised that the service was currently in a transitional period. He agreed to provide Councillor A C Saffell with a written reply setting out the current position.

Councillor A C Saffell commented on problems he had experienced with the Council's IT systems, in particular relating to comments from the Parish Council regarding planning applications which were being blocked by the spam filter. He added that lots of useful tools such as the airport tracker and facebook pages were blocked by the Council's security policy, and added that officers should be able to monitor what was occurring locally.

The Head of Finance advised that action had been taken in respect of the problem with emails being blocked earlier in the year. He advised that every officer now received a quarantine report which they could review. He advised that he would check that this was working as it should be. In respect of particular websites being blocked, he advised that this was because the Council was part of a national government computer network, and as such, it was necessary to pass a compliance test each year, and therefore the Council's blocking mechanism had to be very thorough. He advised that this was continually being refined and the whitelist updated.

RESOLVED THAT:

The report be noted.

## **6. INTERNAL AUDIT ANNUAL REPORT 2014/15**

The Senior Auditor presented the report to members, outlining the overall annual opinion for the year on the Council's framework of governance, risk management and internal control. Taking into consideration all of the audit work undertaken in 2014/15 she advised that overall she was able to give a grade 2 level of opinion in that internal controls need

Chairman's initials

some improvement. She highlighted the fact that the assurance model had changed from previous years and this was as a result of the next agenda item. She explained that the levels previously used did not align with the ongoing audit reports, and the revised assurance model was better aligned with other processes and hopefully would create more consistency.

Councillor R Adams referred to page 40 of the agenda and asked why the Local Plan audit was no longer required.

The Senior Auditor advised that there was work being done in that area by the team themselves, so if an internal review took place, the audit would be removed from plan and reconsidered. She advised that this was the case with the Planning Policy team.

Councillor G Jones asked if the Committee could be advised of the amounts of Council Tax and Business Rate write offs in the year and the reasons for writing off the debt.

The Head of Finance advised that a quarterly report was taken to Cabinet detailing the write offs, and he understood that a copy was also available in the members room. He stated that he would check and write to Cllr Jones..

The Chairman asked if the same applied to grant income. The Senior Auditor advised that many of the certification requirements had been removed this year. Further consideration was currently being given to grants where certification was required, such as disabled facilities grants.

RESOLVED THAT:

The report be noted.

## **7. EXTERNAL ASSESSMENT OF INTERNAL AUDIT**

The Senior Auditor presented the report to members, highlighting the external assessment which had taken place in April and was conducted by CIPFA. She explained that the standards were quite unforgiving, and it had been her view, and the previous auditor's view, that full compliance would not be realistic, and the external assessor had shared that view. She stated that there were no indicators that would affect the Council's ability to deliver an effective audit service. She highlighted the action plan attached which responded to the suggestions and recommendations identified during the assessment.

RESOLVED THAT:

The report be noted.

## **8. TREASURY MANAGEMENT STEWARDSHIP REPORT**

The Head of Finance presented the report to members, highlighting the report cycle and the manner in which the Committee monitored the process throughout the year. He advised that the report confirmed that the Council had complied with all policies and was slightly higher than the benchmark rate. He referred to the update on the UK economy set out in section 2 of the report, and the current position in respect of debts and investments set out at section 3, which showed a reduction in borrowing from £6.7 million to £6.4 million during this year. He advised that there had been no unexpected borrowing this year. He reported that an interest rate of 0.68% had been achieved for the year, which was higher than the base rate and the benchmark rate. He added that a very prudent budget had been set for last year, however a change of practice in respect of longer term lending has resulted in a much better achievement. He highlighted the change in banking

Chairman's initials

arrangements at paragraph 7 of the report, which was prompted by the Co-operative Bank withdrawing from public sector banking.

In response to a question from Councillor G Jones, the Head of Finance advised that a procurement exercise had been conducted through a framework agreement to select a new banking provider. He reported that 3 banks had tendered and Lloyds Bank was the most beneficial.

Councillor J Clarke commented that the Co-operative Bank was known for ethical banking. He asked if any consideration was given to this aspect.

The Head of Finance advised that this was not listed as a criteria as part of the tendering process, as it was exceedingly difficult to test these credentials. Empirical evidence was not available so this could not be included as a sound criteria.

Councillor F Fenning asked that local institutions such as building societies be considered when considering future investments. He felt that this would align with the corporate aim to support local institutions.

The Head of Finance advised that the criteria in respect of investments had become stricter and stricter, and the imperative was that the Council did not lose any money. He advised that there were only 2 building societies which met the Council's criteria, neither of which were local institutions. He added that the Council did not use these institutions at present.

RESOLVED THAT:

The report be approved.

## **9. COMMITTEE WORK PLAN**

Councillor A C Saffell requested a special item at the next meeting to report on the current state of the Council's IT systems.

The Chairman advised that the terms of reference of the Committee would need to be checked to ascertain whether this was appropriate.

Councillor F Fenning asked if the Statement of Accounts was on schedule.

The Head of Finance advised that the accounts had to be closed and prepared for auditing by 30 June, and everything was on course. He stated that the audit would be taking place in the first 2 weeks of August with no issues. A report would be brought to the Committee in September.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.13 pm

Chairman's signature