

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 13 JULY 2016

Present: Councillor J Clarke (Chairman)

Councillors F Fenning, D Harrison, G Hoults, P Purver, A C Saffell and S Sheahan

In Attendance: Councillors

Officers: Ms L Cotton, Mr A Hunkin, Mr P Padaniya, Mrs R Wallace and Miss E Warhurst

External Audit: Mr S Gill

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor R Adams and G Jones.

**2. DECLARATION OF INTERESTS**

There were no declarations of interest.

**3. MINUTES**

Consideration was given to the minutes of the meeting held on 23 March 2016.

Councillor D Harrison referred to minute number 36, in particular the reference to his concerns regarding the leisure centre audit recommendations. He thanked the Senior Auditor for the additional information provided which had helped with his concerns.

Councillor S Sheahan referred to minute number 36, in particular reference to the fraud arrangements discussed, he asked if there would be a further report. The Senior Auditor explained that she kept a general file on the various fraud arrangements and undertook audits as required but if Councillor S Sheahan wanted a particular report on the arrangements, then it would be for the appropriate officer to provide it. With regards to undertaking an audit on the fraud arrangements, it was kept under review and it was most likely that an audit would be carried out in quarter three. If that was to happen then it would be reported to committee in due course. She added that if the request was for the fraud arrangements in general then this was something that could be covered within the upcoming training for the committee.

In response to a further question from Councillor S Sheahan, the Senior Auditor explained that an update of the HR and Payroll audit recommendations was included within the progress report at item five of the agenda. Also it was confirmed that the corporate risk register was circulated after the previous meeting as requested.

The Financial Planning Team Manager agreed to circulate to Members the list of non UK counter parties as stated at the previous meeting.

It was moved by Councillor D Harrison, seconded by Councillor S Sheahan and

RESOLVED THAT:

The minutes of the meeting held 23 March 2016 be approved and signed by the Chairman as a correct record.

Chairman's initials

#### **4. TECHNICAL UPDATE INCLUDING THE PROGRESS REPORT AND ANNUAL AUDIT FEE LETTER 2016/17**

The Financial Planning Team Manager introduced the report to Members and invited the External Auditor to address the Committee.

The External Auditor updated Members on the external audit progress. He reported that the controls over the majority of the key financial systems were sound with the one weakness in respect of the cash system in which the monthly bank reconciliations were now up to date. He commented that the testing of ICT would be completed in July and the final accounts visit would be completed during August. He also highlighted the value for money risk assessment and the discussion of the approach of the Housing Benefits Grant's Audit during June.

Councillor D Harrison raised concerns regarding the councillor travel expenses as detailed within the technical developments and asked if it was now a liability for the Council. The Financial Planning Team Manager reassured Members that it was not a liability for the Council and that he was working with external audit on this issue.

In response from a question from Councillor P Purver regarding the annual audit fee letter, the External Auditor explained that in setting the fee it had been assumed that no additional work would be required to address questions or objections raised by local government electors; this related specifically to any objections to the published accounts and the work involved in further investigations. He confirmed that there had been no objections to the previous year's accounts.

It was moved by Councillor D Harrison, seconded by Councillor P Purver and

RESOLVED THAT:

- a) The Technical Update and Progress Report be noted.
- b) The Annual Audit Fee Letter 2016/17 be noted.

#### **5. INTERNAL AUDIT PROGRESS REPORT - MAY 2016**

The Senior Auditor presented the report to Members and highlighted the executive summary at appendix B which detailed the final reports issued since the previous meeting. She reminded Members of the leisure centre audit recommendations that raised concerns at the previous meeting and reported that a further check had been undertaken, the outcome of which was satisfactory.

Councillor F Fenning referred to the ICT audit and asked which specialists would be undertaking it. The Senior Auditor explained that due to the size of the Internal Audit team, there was not the required expertise to undertake the ICT audit. In the past it was specialists from Leicestershire County Council that were used and it was the intention to use them again on this occasion. It was confirmed that the external auditors also undertook checks within ICT to gain assurances for the accounts. Councillor F Fenning felt that there could be a conflict of interest if the audit was being undertaken by Leicestershire County Council due to the close link to the District.

Councillor F Fenning asked Members how they felt about the audit recommendation for the Committee to receive training. The majority of Members welcomed training and felt that they needed it.

Councillor D Harrison raised a number of concerns regarding the not yet implemented recommendation regarding rent accounting as it had a high priority rating. He also had

Chairman's initials

concerns regarding the safeguarding recommendations as it also had a high priority rating along with a number of others in appendix D. Regarding the rent accounting recommendation, the Senior Auditor explained that one of the recommendations raised had been implemented and the outstanding one related to the reconciliations being reviewed and signed off, which was good practice. Regarding the safeguarding audit, the Senior Auditor explained that the time needed to fully implement the recommendations needed to be taken into account, the fact that it stated July 2016 showed that there was a lot to implement and she would be reviewing it this month.

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

RESOLVED THAT:

The report be noted.

## **6. INTERNAL AUDIT ANNUAL REPORT 2015/16**

The Senior Auditor presented the report to Members and highlighted her opinion of the Council's overall internal control arrangements which was a Grade 2. This meant that she believed improvements were required in some areas.

In response to a question regarding the number of high priority recommendations and timescales, the Senior Auditor explained that they reflected the timing required to implement the recommendations and the timescales were for the internal audit team to follow up. It all depended on the type of recommendations as some could be implemented immediately and others required longer timescales.

Councillor D Harrison raised concerns that hand written notes taken by the Internal Audit Team were not being kept along with other documents. The Senior Auditor reassured Members that all notes were written up in full and written notes were not destroyed until the audit was complete. She believed there would be no value added by keeping the notes.

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

RESOLVED THAT:

The report be noted.

## **7. TREASURY MANAGEMENT STEWARDSHIP REPORT 2015/16**

The Financial Planning Manager presented the report to Members.

In response to a question from Councillor S Sheahan, the Financial Planning Team Manager stated that he believed the result of the EU Referendum would feature more in these reports.

The Financial Planning Team Manager confirmed to Councillor F Fenning that the debt position was mainly as a result of taking over the housing provision from national government. Councillor F Fenning suggested that this be entered into the report in future to make it clear.

Councillor F Fenning congratulated officers on the investments made as the return rate was good and it put the Council in a good position.

It was moved by Councillor D Harrison, seconded by Councillor S Sheahan and

Chairman's initials

RESOLVED THAT:

The report be approved.

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

The Head of Legal and Support Services presented the report to Members. She referred to the one complaint received in quarter four and the ethical indicators set out in part two of the report.

Councillor D Harrison questioned the number of corporate complaints received as it seemed very high which was concerning. The Head of Legal and Support Services confirmed that there had been an increase in corporate complaints. She agreed to find out the trend of the complaints and report back to Members. Councillor S Sheahan commented that it seemed that it was mainly planned works within the housing department that were receiving complaints which indicated there was a problem. The Head of Legal and Support Services commented that she could not give an explanation as to why these kind of complaints were being received or the implications to the service but she stated that as half of the Council staff were made up of the housing department with a large customer base, it was not unusual that complaints were mainly in that area. The Interim Director of Resources reported that a review of the housing repairs service had been carried out by the Housing Quality Network and that an improvement plan was being implemented. This included the scheduling of repairs. He added that the District's Tenants' Forum had also seen this information. The Chairman was aware that some improvements had already been made in the last few months but he would get some further information and report back to the Committee.

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

RESOLVED THAT:

The report be noted.

## **9. COMMITTEE WORK PLAN**

Councillor T Saffell asked for some more detailed information on the current position of ICT migrating to the cloud technology. He specifically asked for independent advice, not from Leicestershire County Council due to a conflict of interest, on the security aspect as he had concerns.

The Interim Director of Resources explained that officers were currently putting in place a road map for the migration process and independent advice had been received from Leicestershire County Council ICT Auditors. The Senior Auditor stated that she did not share Councillor T Saffell's concerns as the Leicestershire County Council's Audit Team was independent and carried out work across the county. She explained that the ICT Auditor was brought in as she did not have the required expertise to challenge the ICT Manager and she was very satisfied with the final feedback. After further concerns were raised by Councillor T Saffell, the Senior Auditor commented that topics such as this had been discussed by the Policy Development Group in the past and suggested this might be the appropriate way of addressing these concerns. Members agreed.

By affirmation of the meeting it was

RESOLVED THAT:

a) The Committee Work Plan be noted.

Chairman's initials

- b) The issue of data security with emphasis on cloud technology be referred to the Policy Development Group and a report be sent to the committee in due course.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.17 pm