

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 21 JUNE 2017

Present: Councillor J Cotterill (Chairman)

Councillors R Ashman, F Fenning, G Hault, G Jones, S McKendrick, A C Saffell and S Sheahan

Officers: Ms T Ashe, Ms L Cotton, Mrs C Hammond, Mr A Hunkin and Miss E Warhurst

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors D Harrison and P Purver.

**2. DECLARATION OF INTERESTS**

There were no declarations of interest.

**3. MINUTES**

Consideration was given to the minutes of the meeting held on 22 March 2017.

Councillor S Sheahan advised that Councillor R Ashman's name was spelt incorrectly on page 5.

It was moved by Councillor G Hault, seconded by Councillor S McKendrick and

RESOLVED THAT:

Subject to the above amendment, the minutes of the meeting held on 22 March 2017 be approved and signed by the Chairman as a correct record.

**4. INTERNAL AUDIT PROGRESS REPORT - MAY 2017**

The Senior Auditor presented the report to Members. She informed Members that four final reports had been issued since the last report, one of which was the Review of Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and she was of the opinion that internal controls required some improvement. She advised Members that a Head of Transformation had been appointed to cover the role of the Head of Finance, that the work in the final reports had not identified any significant control weaknesses and that there were no overdue recommendations at the time.

In response to a question from Councillor S Sheahan, the Senior Auditor advised Members that when visiting the Partnership, the authority's employees had raised concerns that the key policies were available on the internal website, however due to ICT account set ups they were unable to access the information. However the issue had now been addressed.

Councillor S Sheahan sought further information on the report into the Disabled Facilities Grants and the recommendations expressing concerns that there may have been a financial loss to the Council or issues for residents.

The Senior Auditor informed Members that the main issues were in relation to procedures in maintaining files so that previous grants checks could be carried out as before the recording on the files was inconsistent.

Chairman's initials

Councillor A C Saffell expressed concerns over the length of time that inert accounts were left before being reviewed and that it should be tighter; that should the systems be hacked, the inert accounts could be targeted; and that how access and use of generic accounts was monitored was important as that also was a dangerous path.

The Senior Auditor advised Members that accounts for staff that have left the authority are closed as soon as possible after they leave. The accounts that are reviewed after 90 days are for staff who that are on long term sick, Maternity Leave or partner staff accounts. In relation to the partner staff accounts ICT monitored the access controls but may not have been notified when they no longer work here so this review of inactive accounts would identify this.

Councillor A C Saffell felt that all inert accounts should be deactivated within 48 hours as Managers of staff on sick or Maternity Leave know when they are coming back to ensure that they are reactivated. He did not feel entirely reassured but was not convinced. The Senior Auditor explained that even when staff were absent on long term sickness or maternity leave, arrangements were generally put in place through email so that the employee could keep up-to-date with the council's developments and news.

The Senior Auditor advised that ICT specialist auditors employed by the County Council carried out the audit and internal audit will follow up to ensure that everything is implemented, and that she would pass his comments on to the ICT Manager.

In response to a question from Councillor R Ashman, the Senior Auditor advised Members that the Council had three credit cards and that there were no issues surrounding the inappropriate use but that a check was required by finance as there were issues over the procedures in the recovery of VAT. She informed Members that the credit cards were used for online payments.

The Head of Legal and Support Services advised Members that the Legal Team held a credit card as court payments had to be made online.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

## **5. INTERNAL AUDIT ANNUAL REPORT 2016/17**

The Senior Auditor presented the report to Members. She advised Members that the report included her annual opinion on the organisation's framework for governance and risk management and control, and a summary of the work carried out over the year. She informed Members that, in her opinion, the Council's overall control arrangements were a grade 2 as she considered that improvements were required in some areas and that following two updates to the Public Sector Internal Audit Standards she could confirm that the Authority had and would continue to conform to them.

Councillor S Sheahan questioned the date in relation to the new category of critical in appendix A and should it have read 2016 not 2017, and if that was the case was there any critical recommendations.

The Senior Auditor confirmed that the date should have been 2016 and that there were no critical recommendations.

Councillor R Ashman sought further clarification around the two areas of concern that had been identified at the Partnership.

Chairman's initials

The Senior Auditor advised Members that the audits for the Revenues and Benefits Partnership were carried out by the Hinckley and Bosworth Borough Council auditors but she had contacted the partnership to confirm the actions that were now in place. She informed Members that the first concern related to the storage of the BACS payment card which was addressed immediately by moving them to a secure location. The second concern related to the recovery of Council Tax overpayments and that since the audit had been carried out a dedicated team had been put in place to keep the overpayment activity up to date.

The Interim Director of Resources assured Members that, as a Member of the Partnership Management Board, he had seen the audit reports and the Board was happy that the appropriate measures were in place.

Following a question from Councillor R Ashman, the Senior Auditor advised Members that the number of high priority recommendations mentioned in paragraph 4.1 were more service specific than Corporate and therefore felt that it was not necessary to include them in the Annual Governance Statement.

It was moved by Councillor A C Saffell, seconded by Councillor G Jones and

RESOLVED THAT:

The report be noted.

## **6. TREASURY MANAGEMENT STEWARDSHIP REPORT 2016/17**

The Chairman welcomed the new Financial Planning Team Manager to her first meeting.

The Financial Planning Team Manager presented the report to Members. She informed Members that at paragraph 1.4 the Annual Minimum Revenue Position Statement should read 2016-17 not 2015-16. She advised Members that CPI had risen to over 2.3% in the last year, that there had been no opportunities for debt rescheduling and that the average rate of return on the Authority's investments had been 0.5% which had compared favourably with the benchmark.

Councillor S Sheahan stated that inflation was pushing 3% and the way the country was changing it may go up and that the 0.5% return against the rate of inflation could be better.

The Financial Planning Team Manager stated that the investment activity tied in with the Council's policy on investment priorities, focusing on short term rather than long term and putting loan security first.

The Interim Director of Resources advised Members that the return rate was in line with the benchmark and that now the new Financial Planning Team Manager was in place the MTFs and Treasury Management Strategy could be reviewed and brought back to committee.

Councillor F Fenning stated that the American base rate was higher than the UK and that he was concerned for the economy. He felt that shipping money to the USA to get the extra 1% was logical.

The Financial Planning Team Manager stated that both the MTFs and the Treasury Management reports would provide scope to look at risks in the future.

Chairman's initials

It was moved by Councillor A C Saffell, seconded by Councillor G Jones and

RESOLVED THAT:

The report be approved.

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

The Head of Legal and Support Services presented the report to Members. She highlighted to Members that no complaints had been received in Quarter 4 in relation to Member conduct and that there had been a decrease in Corporate complaints against the same period of the previous year. Members' attention was also drawn to the reduction in FOI requests and that the reduction may have been as a result of the increased amount of information available on the Council's website.

It was moved by Councillor A C Saffell, seconded by Councillor R Ashman and

RESOLVED THAT:

The report be noted.

Councillor F Fenning asked for an update on the capacity issues surrounding the finance team now that the new Financial Planning Team Manager was in place.

The Interim Director of Resources advised that they were confident that Internal Audit now had enough resources and that as pointed out the Financial Planning Team Manager post had been filled. He informed Members that the new Chief Executive would consider the management structure and that a review of the finance function had been carried out and work was now being done on what skills and capacity were required to ensure the service provided a modern finance function.

Councillor F Fenning sought clarification that, since it had been agreed that the Revenues and Benefits Partnership would stay as a shared service and not become a separate company, NWLDC would keep its staff that had knowledge of the district to ensure that the best service was offered.

The Interim Director of Resources informed Members that a number of staff at the Partnership were NWLDC employees and that the Chief Executive had been to visit the staff and was keen to look at how the authority could ensure its staff were still part of the Council by liaising and providing strong links.

## **8. COMMITTEE WORK PLAN**

RESOLVED THAT:

The Committee Work Plan be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.06 pm