

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 5 DECEMBER 2018

Present: Councillor V Richichi (Chairman)

Councillors R Ashman, J Cotterill, D Harrison, G Hault, S McKendrick and S Sheahan

Officers: Mrs T Bingham, Mrs L Marron, Mrs R Wallace, Miss E Warhurst and Miss A Wright

25. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J Clarke and G Jones.

26. DECLARATION OF INTERESTS

There were no declarations of interest.

27. MINUTES

Consideration was given to the minutes of the meeting held on 10 October 2018.

By affirmation of the meeting it was

RESOLVED THAT:

The minutes of the meeting held on 10 October 2018 be approved as a correct record and signed by the Chairman.

28. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager presented the report to Members highlighting that one report had been issued for management review and two that were at the drafting stages. She also reported that three reviews were in progress and two were at engagement planning stage. Members were informed that due to the gap in having an Audit Manager in post between 1 and 31 October no final reports had been issued. It was noted that the internal audit performance position was below target but it should improve by the end of quarter three.

Regarding the outstanding recommendation for the review of the policy framework at page 17 of the report, the Head of Finance updated Members that attempts had been made to contact Leicestershire City Council Fraud Hub to carry out this piece of work but unfortunately, a response had not been received. If confirmation had not been received by the end of the week, then alternative third party support would be sought to complete the work.

In response to a question from Councillor V Richichi, the Head of Finance explained that Leicester City Council formed a Fraud Investigation Hub to undertake work of this nature for the East Midlands and we shared information with them if required.

Regarding the outstanding Section 106 agreements recommendation, Councillor D Harrison raised concerns that it was still ongoing and had a high rating. He asked for the total amount of Section 106 money currently held by the authority and how many individual agreements there were. The Head of Finance reminded Members that the information had been included in the report brought to the previous meeting; she would provide the information to Councillor D Harrison outside of the meeting.

Regarding affordable housing allocations as part of a planning application, Councillor S McKendrick asked if the commuted allocations that were provided at alternative locations

Chairman's initials

were audited. The Audit Manager explained that this area was outside the scope of the recent audit, however plans were being made for 2019/20 audits and this would be discussed further with officers.

By affirmation of the meeting it was

RESOLVED THAT:

The report ne noted.

29. TREASURY MANAGEMENT ACTIVITY REPORT

The Finance Team Manager presented the report to Members, drawing attention to the Council's current treasury position, borrowing activity, debt rescheduling activity and investment activity.

In response to a question from Councillor D Harrison, the Head of Finance confirmed that Section 106 money was invested to receive interest whilst it was being held by the authority, before being released to the recipient. If the money was not utilised and was given back to the developer, then they would also receive the accrued interest. Councillor D Harrison asked if the recipients were aware of the process to invest the money and whether it was included in any agreements with them. The Head of Finance agreed to check the details of the agreements and confirm this to Councillor D Harrison outside of the meeting.

Councillor S Sheahan referred to the amount of investments made in other Local Authorities and raised concerns regarding the level of security of the funds. The Head of Finance referred Members to the previous meeting where these concerns were also raised. She reiterated that the advice given in this area was that this type of investment was deemed the most secure as legal processes meant that the money was always safeguarded. She understood Councillor S Sheahan's concerns of over exposure but assured Members that the money invested was secure. She added that these investments were only short term and that due to the funds required for the new leisure facility, future budgets may not include these investments.

Councillor R Ashman believed that the reason investments were made in other Local Authorities was that there was public scrutiny of finances compared to other companies. Section 114 notices were issued when Local Authorities were becoming financially unstable which would protect our funds. The Head of Finance agreed that this was the case and the Section 114 notices were effectively warning signs and therefore any investments would be safeguarded.

In response to a question from Councillor V Richichi, the Head of Finance reported that it was agreed by Council to borrow approximately 7.5 million towards the funding of the new leisure facility. However, the process was currently in the final bidding stages with the possible service providers and therefore a final figure would be available soon. She confirmed that the authority could afford to borrow the funds required for the project.

By affirmation of the meeting it was

RESOLVED THAT:

The report be approved.

30. ANNUAL GOVERNANCE STATEMENT IMPROVEMENTS

The Head of Finance presented the report to Members, highlighting the 14 improvements areas identified through the review, of which, three were complete, eight were underway and the remaining three were yet to be started.

In response to a question from Councillor V Richichi, the Head of Finance stated that the framework did change over the years and this was why an annual review was undertaken. She was confident that the 14 improvement areas could be resolved and that the governance rating would move to 'good'.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

31. CORPORATE RISK UPDATE

The Head of Finance presented the report, updating Members that there had been no changes to the risk ratings or movement of risk since the last meeting. She drew attention to the newest risks at 12 and 13 on the register, which were likely to see some movement. They would be reviewed by the Risk Scrutiny Group in due course and reported back to the Committee.

Councillor D Harrison asked if officers would consider how the register document was presented to Members, as it was very small print and difficult to read. The Head of Finance agreed to take the comment back to the Strategic Director of Housing and Customer Services.

In response to a question from Councillor S McKendrick, the Head of Finance explained that all new staff members followed an induction, which included training on fraud. The issue of continuity in this training with regular updates is something the authority needs to be mindful of. She added that the People Plan was being considered by Cabinet, which ring fenced funds towards training of staff. The Head of Legal and Commercial Services agreed to have a discussion with the Head of Human Resources and Organisational Development regarding linking the People Plan to the Corporate Risk Register.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

32. CIPFA'S PRACTICAL GUIDE FOR LOCAL AUTHORITIES AND POLICE (2018 EDITION) - SELF-ASSESSMENT OUTCOME REPORT

The Head of Legal and Commercial Services presented the report, requesting Members to agree the action plan and recommend to Council the revised terms of reference for the Audit and Governance Committee.

It was moved by Councillor S Sheahan, seconded by Councillor J Cotterill and

RESOLVED THAT:

- a) The work of the working group be noted

b) The action plan be approved.

RECOMMENDED THAT:

Council approve the revised terms of reference for the Audit and Governance Committee at its meeting on 26 February 2019.

33. STANDARDS AND ETHICS - QUARTER 2 REPORT

The Head of Legal and Commercial Services presented the report Members.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

34. COMMITTEE WORK PLAN

Councillor D Harrison referred to a discussion had at a previous meeting where it was decided to invite the relevant Director to the meeting to explain why the service was not completing the recommendations on time. He asked for an update. The Head of Legal and Commercial Services believed that the discussion was around Section 106 Agreements and that was the reason the Planning Policy Team Leader attended the last meeting, which unfortunately Councillor D Harrison did not attend.

It was moved by Councillor S Sheahan, seconded by Councillor G Hoult and

RESOLVED THAT:

The committee work plan be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.13 pm