

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 23 MARCH 2016

Present: Councillor J Cotterill (Chairman)

Councillors R Adams, R Ashman, F Fenning, D Harrison, G Jones and S Sheahan

In Attendance: Councillors R Johnson

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

External Audit: Mr T Crawley

32. APOLOGIES FOR ABSENCE

Apologies for absence have been received from Councillors J Clarke, K Merrie and A C Saffell.

33. DECLARATION OF INTERESTS

There were no declarations of interest.

34. MINUTES

Consideration was given to the minutes of the meeting held on 9 December 2015.

The Monitoring Officer referred Members to minute number 31 entitled 'Committee Work Plan' in which it stated that a report regarding Information Management would be considered at the meeting. She explained that officers felt that updates on the progress of the implementation of the information management health check be included within the internal audit report and therefore was not on the agenda as an individual item.

It was moved by Councillor R Ashman, seconded by Councillor G Jones and

RESOLVED THAT:

The minutes of the meeting held on 9 December 2015 be approved and signed by the Chairman as a correct record.

35. EXTERNAL AUDIT PLAN 2015-16 & ANNUAL REPORT ON GRANTS AND CLAIMS 2014/15

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

As a new member of the External Auditing Team, Tony Crawley introduced himself and presented the report to Members. He highlighted the new guidance for the Value for Money Arrangements issued by the National Audit Office and each section of the plan including the audit fee.

The following questions were asked by Councillor S Sheahan and responses given:

- What was the significance of the materiality figure as it seemed high and would it be set lower? The External Auditor explained that it was a value judgement figure based on the financial position of the Council and it was lower than the benchmark figure. Members could put forward a figure as long as it was in line with the Code of Practice. He suggested that Members get advice from officers if they wanted to submit their

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own judgement figure as any changes would result in implications to the Council. The Financial Planning Manager commented that the Council's figure had not been set yet as it was something that was considered at the financial year end.

- How common in the Public Sector was the use of management override controls? The framework that Local Authorities operated under meant that it was highly unlikely to be used but it still had to be tested. The important issue to look out for was any considerable difference in figures.
- Should Members be concerned of the impact on finances if the valuation of property plant and Equipment was wrong? The main focus of the valuation was the value of physical assets and management information, there were lots of angles to consider and it was external audit's job to assess if as an Authority, the Council was making the best use of it. Members should not be concerned.

In response to a question from Councillor G Jones, the External Auditor explained that the materiality figure was a judgement made by using the appropriate framework and was typical for a Council of its size. Councillor G Jones went on to ask how many officer hours were used for the audit fee paid by the Council. The External Auditor explained that it varied on the level of officer involved so it was not calculated by officer time, it was a scale fee set by PSAA.

Councillor F Fenning expressed his interest in the total expenditure figure; he believed that members of the public would not appreciate how much the Council was spending. He commented that the term 'fair value' used when discussing the value of property plant and equipment was not clear. The External Auditor explained that it was financial terminology and effectively was the market value. Councillor F Fenning also expressed concerns that the level of service from the external auditors could decrease as the audit fee had been reduced. The External Auditor reassured Members that efficiencies had been implemented to provide a quality service and these cost savings were being passed on to Local Authorities, it would not lead to a reduction in service.

In response to a question from Councillor S Sheahan, it was confirmed that the materiality figure did include the money that was collected and passed onto the County Council, Parish Council's and the public. It was calculated in relation to the total amount of money over which the Council needed to exercise stewardship rather than simply expenditure. Councillor S Sheahan commented that as we were actually spending a lot less than what it seemed, it would be easier to understand if the figures were broken down. The Financial Planning Team Manager confirmed that was something that could be provided in future. Following some further discussion about the materiality figure, the Monitoring Officer commented that the Council still needed to be accountable for the total amount of money which passed through it, as a conduit and expenditure.

The External Auditor then went on to present the Grants and Claims section of the report.

It was moved by Councillor R Adams , seconded by Councillor S Sheahan and

RESOLVED THAT:

- a) The External Audit Plan 2015-16 be approved.
- b) The Annual Report on Grants and Claims 2014/15 be noted.

36. INTERNAL AUDIT PROGRESS REPORT - FEBRUARY 2016

The Senior Auditor presented the report to Members, drawing attention to the Executive Summary at appendix B. She referred to the overdue recommendations detailed at

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appendix C and the explanations included. Regarding the leisure centre recommendations that had been discussed at the previous committee meeting, the Senior Auditor explained that she had carried out follow up checks in February and there were still some housekeeping issues. She assured Members that it was not a serious weakness but it had been reported to managers to highlight the importance of the process. She added that she would carry out further follow up checks.

Councillor D Harrison raised his concerns regarding the leisure centre issue as he felt that people being clumsy could leave the Council open to fraud and it should be looked at more seriously. He also asked if the leisure centres used CCTV cameras at the payment areas. It was confirmed that they did.

The Chairman hoped that the issues for the leisure centre would be resolved by the next meeting and be appropriately addressed by senior management. The Senior Auditor confirmed that the Head of Service was very keen to resolve the matter and she would pass on the feelings of the Committee.

In response to a question from Councillor S Sheahan, the Senior Auditor explained that the internal audit plan was set each year and was flexible in order to respond to emerging risk, therefore she was constantly making assessments for the allocation of resources and it did mean that some audits were removed or postponed to a later date. Councillor S Sheahan commented that he expected more information on why the audits had been removed or delayed within the plan. He also asked why the fraud arrangements had been removed. The Senior Auditor explained that it was ongoing and she would report back at a later date.

In response to a query from Councillor S Sheahan, the Senior Auditor clarified that the reference to 'DR plan' in the ICT key controls audit meant Disaster Recovery plan.

At the request for more information regarding the Human Resources and Payroll audit from Councillor S Sheahan, the Senior Auditor reported that as they were high risk recommendations with lots of improvements required, she had allowed the service more time to respond to the recommendations. She would therefore be undertaking another full audit to ensure she was satisfied. Members would be fully informed of the outcome.

In response to a request from Councillor F Fenning, the Senior Auditor agreed to report the cost of using external experts outside of the meeting.

In response to a request from Councillor R Ashman, the Senior Auditor agreed to report at the next meeting the progress against the recommendations for exchequer services to get up to date with reconciliations.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

37. 2016/17 INTERNAL AUDIT ANNUAL AUDIT PLAN

The Senior Auditor presented the report to Members.

Councillor F Fenning commented that he appreciated the work undertaken by the internal officers but asked the External Auditor to give his opinion on the quality of the internal audit team as he had concerns due to the small number of staff. The External Auditor explained that he did not work directly with the internal audit team but only used some of

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their work to assist with the external audits. He stated that he was happy that the Senior Auditor was satisfied that the resources were adequate.

Councillor S Sheahan referred to the risk registers as mentioned within the report and asked why there was not more detail. The Senior Auditor explained that there was a corporate risk register which she reviewed but was not involved in rating the risk as this was a service function. She added that there was usually a quarterly report relating to corporate risks but due to the current absence of the Head of Finance it was not included. At the request of Councillor S Sheahan, the Senior Auditor agreed to obtain and circulate the corporate risk register outside of the meeting.

It was moved by Councillor G Jones, seconded by Councillor R Adams and

RESOLVED THAT:

- a) The report be noted.
- b) The 2016/17 Internal Audit Annual Audit Plan be approved.

38. TREASURY MANAGEMENT ACTIVITY REPORT - APRIL TO FEBRUARY 2016

The Financial Planning Team Manager presented the report to Members

In response to a question from Councillor S Sheahan, the Financial Planning Team Manager confirmed that the Council did operate from a list of non UK counter parties with regards to investments and he would make the list available to Members. He added that all the Council's investments were detailed within the report.

It was moved by Councillor J Cotterill, seconded by Councillor G Jones and

RESOVLED THAT:

The Treasury Management Activity Report be approved.

39. DRAFT MEMBER CONDUCT ANNUAL REPORT 2015/16

The Monitoring Officer presented the report and referred Members to the additional papers which detailed the parish representatives which needed appointing as part of the final report when considered by Council in May. She also gave the following updates to section six of the report due to a complaint being received after the report had been printed:

- The number of complaints made increased from six to seven.
- The number of complaints made by District Councillors increased from one to two.
- The number of complaints against a District Councillor increased from five to six.
- The number of complaints still at informal resolution stage increased from one to two.

In response to a question from Councillor R Adams, the Monitoring Officer explained that the process for obtaining parish representatives included canvassing Parish Council's for interested nominations. On this occasion the number of nominations received was the same as the number of seats available, which included two nominations from Whitwick Parish Council.

It was moved by Councillor R Adams, seconded by Councillor G Jones and

RESOLVED THAT:

- a) The Draft Member Conduct Annual Report 2015/16 be noted.
- b) The following parish councillors be appointed as Parish Representatives with effect from 7 May 2016 for the remainder of the Administration (May 2019):

Mr Peter Moulton – Whitwick Parish Council
Mr David Gothard – Appleby Magna Parish Council
Mr Ray Woodward – Whitwick Parish Council
Ms Pat Thomas – Ashby Woulds Town Council

- c) Authority be delegated to the Monitoring Officer to make any further amendments to the report following comments made by the Audit and Governance Committee

RECOMMENDED THAT:

Council endorse the Member Conduct Annual Report 2015/16.

40. STANDARDS AND ETHICS - QUARTER 3 REPORT

The Monitoring Officer presented the report to Members.

Councillor S Sheahan asked if reports from the Ombudsman were still considered by a committee. The Monitoring Officer believed that the way the Ombudsman reported to the Council had changed but would check and confirm the process to Councillor S Sheahan outside the meeting.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

41. COMMITTEE WORK PLAN

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 7.40 pm

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