

## **AUDIT AND GOVERNANCE COMMITTEE**

9<sup>th</sup> November 2015

**Present** – The Chairman (Councillor Harbron) and Councillors Barrett, Dawson, Hull, Madeley and Place. Independent Person : Greg Robinson.

**Officers** – Chief Executive, Strategic Manager for Financial Services, Solicitor to the Council, Audit Services Manager, ICT and Transformation Manager and Committee Officer. Cameron Waddell, Director and Engagement Lead, Mazars LLP.

Apologies for absence were received from Councillors Baxandall, Brockbank and Lis.

Start: 6.30pm

Finish: 7.52pm

The minutes of the Committee's meeting held on 29<sup>th</sup> September 2015 were confirmed and signed by the Chairman.

### **EXCLUSION OF THE PUBLIC**

**Resolved** – That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded from the meeting during consideration of Minute AC.247 marked \$) below on the grounds that it is not in the public interest to disclose the Category 3 exempt information (financial or business affairs of any particular person including the Council).

### **Minutes for Report**

AC.243

#### **EXTERNAL AUDIT – ANNUAL AUDIT LETTER**

Further to Minute AC.214/14-15, the External Auditors submitted their Annual Audit Letter for the 2014/15 financial year. The Letter summarised the work and findings for the 2014/15 audit and key messages arising from the audit of the Council's financial statements which were

- An unqualified opinion on the Council's 2014/15 financial statements had been issued.
- Improvements had been made but some scope remained for improving the process for preparation of the Council's accounts.
- The Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources; an unqualified value for money conclusion had been issued.
- The Council had made good progress in securing efficiencies to date but managing further spending reductions would become increasingly difficult if it was not to affect service provision to the public.
- The impact of local devolution and future landscape was currently unclear but existing proposals would change the way the Council operated.

The final fee for the audit, subject to confirmation of the final fee for certification work, amounted to £73,762.

**Resolved** – That the Annual Audit Letter for 2014/15 is accepted.

a. Internal Audit Reports

The Internal Auditor presented copies of the audit reports listed below, which had been commissioned as part of the 2015/16 Internal Audit Plan.

- Belle Vue Square Service Charge : to review the validity of the charge levied on the Council for the period 1<sup>st</sup> December 2013 to 30<sup>th</sup> November 2014.
- Transparency : to provide an opinion on the Council's compliance with the Transparency Code published by the Department for Communities and Local Government in October 2014 : Level of Assurance : Partial

The Audit Services Manager explained that the reason why the transparency audit had been assigned partial assurance status was simply attributable to the timing of the audit. The ICT and Transformation Manager gave an assurance that points raised within the audit report were in hand and being progressed by the Information Governance Officer. The work required should be completed by the target implementation dates.

In drawing the Committee's attention to a number of questions raised by Councillor Brockbank in an e-mail circulated at the meeting regarding the Belle Vue Square service charges, the Chairman asked that a written response be circulated to all Members of the Committee.

**Resolved** – (1) That the reports of the Internal Auditor now presented are received and that implementation of recommendations within the Transparency Audit are monitored through the arrangements approved at Minute AC.244(b)(i) below.

(2) That a report is submitted to this Committee presenting an update on the outcome of discussions with the managing agents for the Council's Belle Vue Square Offices on issues identified by Internal Audit.

b. Recommendations : Implementation Monitoring

i. Reporting Arrangements : Review – As instructed at Minute AC.238/15-16, the Strategic Manager for Financial Services stated that she had reviewed the list of outstanding internal audit recommendations presented to the Committee with a view to removing those which carried a low level of risk and concluded, in consultation with the Chairman, that the list presented to the Committee should perhaps simply focus on outstanding Priority One recommendations, with implementation of outstanding Priority Two and Three recommendations monitored by the Corporate Leadership Team on a regular basis.

During the course of the ensuing discussion Members indicated that they would wish to retain some form of overview of the position in respect of lower priority recommendations and, it was

**Resolved** – That the following arrangements are put in place for the monitoring and reporting of progress with implementation of outstanding internal audit recommendations to this Committee.

- the Strategic Manager for Financial Services to continue to report on the position with regard to outstanding Priority One recommendations to each meeting of the Committee.
- Corporate Leadership Team to monitor implementation of Priority Two and Three recommendations on a regular basis and provide the Committee with statistics on a six monthly basis showing the number of outstanding Priority Two and Three recommendations.

ii. Information Governance Project – Further to Minute AC.237/15-16, the ICT and Transformation Manager updated the Committee on progress made with implementation of outstanding internal audit recommendations concerning the IT Service and information governance. Work was ongoing with the production of a number of strategy, guidance and policy documents, including a framework for data retention and a draft information management and governance strategy. He was confident that by the end of the calendar year all outstanding recommendations would have been closed down.

**Resolved** – That the ICT and Transformation Manager's update is accepted, and that he is thanked for the progress now being made.

c. Internal Audit Plan 2015-16 : Progress

Further to Minute AC.229(b)/14-15, the Audit Services Manager submitted a report informing the Committee of progress made against the 2015/16 Internal Audit Plan in the period to 30<sup>th</sup> September, 2015.

As at the end of September 2015 a total of 60 days had been spent on audit work for Craven. The Plan was currently on schedule for completion by 31<sup>st</sup> March 2016.

**Resolved** – That the content of the Internal Audit Manager's report and progress against the current internal audit plan is noted.

AC.245

**CONTRACT PROCEDURE RULES – EXEMPTION**

The Waste and Recycling Manager submitted a report seeking the Committee's approval to an exemption from contract procedure rules so as to allow the procurement of a small mechanical sweeper without seeking tenders.

An existing sweeper was to be replaced as part of the Council's vehicle replacement programme and an opportunity had arisen to purchase an ex demonstrator vehicle at a cost of £56,000, as compared to new at a cost of £64,689. Members were reminded that the Committee may grant an exemption to contract procedure rules if it considered it to be justified in special circumstances.

**Resolved** – That an exemption under Clause 6.4 of the Council's Contract Procedure Rules is approved to enable the purchase of the mechanical sweeper vehicle as now requested.

AC.246

**REGULATION OF INVESTIGATORY POWERS ACT**

Further to Minute CL.866/15-16, the Solicitor to the Council submitted a report informing the Committee of the Council's use of covert surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA), and seeking approval of amendments to the Council's RIPA Policy Statement to incorporate recommendations made following an inspection conducted by the Office of Surveillance Commissioners of the Council's management of its covert activities.

Copies of the Commissioner's inspection report had been circulated with the Solicitor's report as an exempt document, together with an action plan for addressing recommendations made therein and the Council's RIPA Policy Statement, as amended.

**Resolved** – (1) That the report from the Office of Surveillance Commissioners (OSC) following the inspection on the 15<sup>th</sup> June 2015 is noted.

(2) That the Council's action plan to address the recommendations in the OSC Inspection Report is noted.

(3) That the Council's Regulation of Investigatory Powers Policy Statement amended to incorporate the recommendations set out in the Inspection Report is approved.

(4) That the level of covert surveillance undertaken by the Council is noted.

(5) That the Solicitor to the Council submits six monthly reports to this Committee on the Council's use of covert surveillance.

\$AC.247

### **RISK MANAGEMENT**

Further to Minute AC.228/15-16, the Strategic Manager for Financial Services submitted a report updating the Committee on changes to the Council's risk management strategy, corporate risk register and risk profile following the annual review in August 2015.

In reviewing the Council's Risk Management Strategy and Policy Statement a number of changes had been proposed and these had been incorporated into a revised strategy document appended to the Strategic Manager's report. One proposed amendment concerned the process of monitoring and reporting against identified risks. Commencing in January 2016 quarterly reports on progress against agreed actions would be presented to both Corporate Leadership Team, and this Committee; this would ensure the Committee was able to more effectively focus on the implementation of agreed actions to mitigate against identified risks, within the Corporate Risk Register.

The risk profile was now comprised of 120 risks, of which thirteen scored sufficiently high enough to warrant inclusion on the corporate risk register which itself was comprised of eight strategic and five operational risks. The following risks had been removed from / added to the corporate register:-

#### Risk Removed

Town Hall Project – failure to deliver town hall refurbishment project (Phase 1)

#### New Risks Added

Dissolution of shared IT service and loss of disaster recovery site – score 12

Access issue for main Council building in event of power loss – score 10

Reduction in revenue from dry recycle collections – score 16

Non implementation of identified improvement measure in manual handling assessment relating to waste paper collection – score 12

Failure to address principle actions identified in fire risk assessments across all council assets – score 12

#### Risk Upgraded from Risk Profile

Business continuity planning – score 12

The Committee was asked to agree the proposed changes to the strategy, risk profile and risk register.

**Resolved** – (1) That the updated Risk Management Strategy, as now submitted, is approved

(2) That the updated corporate risk register is approved and changes to the risk profile noted.

(3) That the corporate risk register is updated and presented to each meeting of this Committee.

**Minutes for Decision**

- None -

Chairman.