

## **AUDIT AND GOVERNANCE COMMITTEE**

26 June 2013

### **Present:-**

Councillor Simon Bowkett (Chair)  
Councillors Baldwin, Branston, Choules, D J Henson, Laws, Leadbetter, Morris, Payne and Spackman

### **Also Present**

Deputy Chief Executive, Corporate Manager Democratic and Civic Support, Acting Assistant Director Finance, Senior Auditor (HK), Senior Auditor (HP), Policy Officer (LB) and Democratic Services Officer (Committees) (SLS)

### **Also Present**

Barrie Morris, Engagement Lead, Grant Thornton, Chartered Accountants

#### 1 **APOLOGIES**

Apologies were received from Councillor Brock.

#### 2 **MINUTES**

The minutes of the final meeting of Standards Committee held on 1 May 2013 were taken as read and signed by the Chair as correct.

#### 3 **DECLARATIONS OF INTEREST**

No declarations of discloseable pecuniary interests were made.

#### 4 **PRESENTATION ON THE SCOPE OF THE AUDIT AND GOVERNANCE COMMITTEE**

The Chair welcomed everyone to the first meeting of the Audit and Governance Committee and for the opportunity to ensure a greater awareness of audit, probity and transparency, which should be implicit in all that the City Council does.

The Deputy Chief Executive referred to the Scrutiny Working Group which oversaw the arrangements for the formulation of the Audit and Governance Committee, which incorporated the work of the Final Accounts and former Standards Committees. He introduced a presentation on the scope of the Audit and Governance Committee with contributions on the individual roles from colleagues in Internal Audit, the External Auditors - Grant Thornton and on standards by the Deputy Monitoring Officer/Corporate Manager, Democratic Services and Support.

Members of the Committee requested that a programme of work be formulated to inform and identify the core areas of the Committee's terms of reference. It was considered appropriate that a training programme be arranged, including a shadowing element of the day to day operation of Internal Audit to assist Member's understanding of the technical language and complexity of the subject matter.

Members of the Audit and Governance Committee thanked Barrie Morris and colleagues for their informative presentations.

**AUDIT PLAN 2012/13**

Mr Barrie Morris, the Engagement Lead for Grant Thornton, the Council's external auditor, presented the Audit Plan for 2012/13. He set out the challenges and opportunities being faced by the City Council, and the range of approaches adopted in response. The Plan included details of the risk based audit undertaken of the national risk affecting the public sector. The Chair enquired about the way in which the City Council's assets were managed to ensure that they were obtaining maximum value for money. Barrie Morris advised that the audit report was wider than a value for money assessment. He also responded to a comment on the comprehensive contracts register stating that the timescale for compliance was set within the City Council. The Chair suggested that the Risk Register be considered as a live document with the involvement of Internal Audit.

The Acting Assistant Director Finance responded to a Member comment on ensuring the appropriate authorisation of journals, and referred to specific software to carry out that task. He agreed to work with colleagues and also Grant Thornton to make sure the appropriate controls were put in place as soon as possible.

The Audit and Governance Committee noted the Audit Plan for Exeter City Council for 2012/13.

(Plan circulated)

**AUDIT COMMITTEE UPDATE REPORT - JUNE 2013**

Barrie Morris presented the Annual Committee Update Report. This was an annual report, which included financial information as well as promoting local accountability. The report also offered an update on Local Government Governance. The Deputy Chief Executive, acknowledging a Member's comment, stated that an appropriate response would be made on the issues for the Council to consider in the report. Internal Audit to collate the responses from the relevant officers and feed back.

The Audit and Governance Committee noted the Audit Committee Update and progress as at June 2013.

(Update Report circulated)

**AUDIT FEE LETTER 2013/14**

The Audit Commission had set its proposed work programme and scale of fees for 2013/14. Barrie Morris presented the detail of the fees to be charged by Grant Thornton for the auditing of the Council's services and accounts. The Fee Letter also covered the scale and scope of the audit fee, the billing schedule and outline audit timetable.

The Audit and Governance Committee noted the detail.

(Fee Letter circulated)

**ANNUAL GOVERNANCE STATEMENT 2012/13**

The Acting Assistant Director Finance presented the report, setting out the proposed Annual Governance Statement that would accompany the Council's Annual Statement of Accounts for 2012/13. The Statement also incorporated the Council's Code of Corporate Governance, which was published on the Council's website. He also drew attention to Section 10 of the Statement, which referred to

the steps taken to improve the corporate governance arrangements for Exeter City Council.

The Policy Officer replied to a question on the availability of the Council's information to the local community stating that the information was offered in a range of formats including other languages, on an individual request basis to avoid costly publications becoming out of date. The Chair suggested there was a balance to be struck over best practice and requirement. The Senior Auditor (HK) responded to a comment on the separation of duties, which had been raised in Internal Audit meetings. The reduction in staff resources within the Council had raised the importance of ensuring there were adequate supervision requirements in place. The multiple staff roles often taken on with the systems review work had increased the risk. The Deputy Chief Executive confirmed that he would raise this with the Council's Senior Management Team.

The Audit and Governance Committee supported the Annual Governance Statement being included within the Council's Annual Statement of Accounts for 2012/13.

(Report circulated)

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### **INTERNAL AUDIT CHARTER**

The report of the Senior Auditors was submitted, setting out the requirement for the Internal Audit Charter, the purpose of which was to define the scope and role of Internal Audit and explain its purpose, authority and responsibility. The Senior Auditor (HK) reminded Members that Internal Audit now worked to the Public Sector Internal Audit Standards (PSIAS).

The Audit and Governance Committee:-

- (1) approved the Internal Audit Charter, and
- (2) agreed that the Internal Audit Charter should be reviewed and approved once every two years by the Audit and Governance Committee, as required by the Public Sector Internal Audit Standards (PSIAS).

(Report circulated)

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### **ANNUAL INTERNAL AUDIT REPORT 2012/13**

The report of the Senior Auditors was submitted, and included an opinion on the overall adequacy and effectiveness of the Council's control environment, and included a summary of the audit work undertaken, and recorded any issues that were considered particularly relevant. The Senior Auditor (HK) referred to a number of issues that had been reported for management action, including data quality and risk management which were now being addressed. She confirmed that if a risk was identified as being significant enough it would be reported to Members to help maintain a degree of independence.

The Audit and Governance Committee noted the report.

(Report circulated)

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### **REVIEW OF EXISTING RISK MANAGEMENT ARRANGEMENTS**

The Policy Officer (LB) presented a report which advised the Committee of the Council's proposed, revised risk management arrangements. Risk Management

was a part of the Council's corporate governance arrangements, but the process had not been comprehensively embedded throughout the Council. The recent transfer of risk management to the Corporate Manager Policy, Communications and Community Engagement provided the opportunity to review the Council's risk arrangements. The Committee was asked to note that identification of risk, weak reporting and accountability had all been identified as key areas. As part of the process, Members were advised that the Risk Register and Risk Management Policy would be reviewed. In addition, monthly reporting of the Register would be made to the Strategic Management Team (Performance) and also presented to this Committee on a quarterly basis. A template of the Risk Register was also included and would be colour coded to identify the required work.

**RESOLVED** that:-

- (1) the Strategic Management Team (Performance) be responsible for capturing risks and reporting them to this Committee, in addition to determining which risks should be reported to this Committee and how the information should be presented;
- (2) a Risk Report be presented to this Committee on a quarterly basis, and
- (3) changes to the Risk Management Policy and Risk Register to take account of the proposals set out in this report be approved.

(Report circulated)

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### **THE ROLE OF CITY HONORARY ALDERMEN**

The Corporate Manager Democratic and Civic Support submitted a report which detailed the background of the role of City Honorary Aldermen. Following the election of an Honorary Alderman to Devon County Council, it was felt appropriate to set out the principle of the appropriateness of being involved in local politics. It had been the convention at the City Council, that once an individual had been bestowed the honour of Honorary Alderman, they ceased to have an active involvement in local politics.

A proposed scheme was circulated with the report, which would introduce a protocol, with the aim of protecting the role of Honorary Aldermen within the city, and which set down the methods by which any future application should be considered. The Committee noted that comments raised by existing Honorary Aldermen who had been consulted on its introduction, and agreed that the scheme should not be issued retrospectively.

**RECOMMENDED** that Council be requested to approve the scheme relating to Honorary Aldermen, with immediate effect:-

- (1) for the future appointment of Honorary Aldermen; and
- (2) agreed that the scheme not be retrospective.

(Report circulated)

(The meeting commenced at 5.30 pm and closed at 7.45 pm)

Chair



## Exeter City Council

### Exeter City Council

# Scheme for the Enrolment of Honorary Alderman

#### Policy development and Version details

V1 June 2013

<b>Title</b>	Scheme for the Enrolment of Honorary Alderman
<b>Author</b>	John Street
<b>Owner</b>	Office of Democratic & Civic Support Manager
<b>Effective from</b>	
<b>Review dates</b>	
<b>Status for FOI</b>	Open
<b>EIA conducted</b>	
This policy can be made available in large print and other formats such as printed on yellow paper, taped, Braille etc. as requested.	

## **SCHEME FOR THE ENROLMENT OF HONORARY ALDERMAN**

### **1. Procedure**

- a) Elections to the position of Honorary Aldermen will not take place every year, and nominations will only be accepted in exceptional circumstances and in accordance with the Council's agreed scheme.
- b) Any name put forward must be proposed by a serving Member of Exeter City Council and seconded by at least one other Member of the Council.
- c) Any proposal must be submitted in writing to the Corporate Manager, Democratic & Civic Support, in order to enable informal discussion to take place with both Council Members and the proposed recipient.
- d) If, following informal consultations, it appears to the Corporate Manager, Democratic & Civic Support in consultation with the Leader of the Council, that there is majority support for the nomination he/she shall submit a report to the next Council meeting in order that the Council may indicate whether or not it wishes to offer the position of Honorary Alderman to the proposed recipient.
- e) Any election to the position of Honorary Alderman will usually take place at an Extraordinary meeting of the Council which shall be called for the purpose of enrolment of an Honorary Alderman immediately prior to any Council meeting, following the Council signifying its agreement to such an offer, and the proposed recipient signifying his consent, as set out in (c) above.

### **2. Qualifications Required for Enrolment**

- a) The Council may, in accordance with Section 249 of the Local Government Act 1974, and the provisions of this scheme, elect a person to the position of "Honorary Alderman".
- b) An Honorary Alderman shall enjoy those rights or privileges conferred by Section 249 of the Act and this scheme.
- c) The Corporate Manager, Democratic & Civic Support shall keep a list of those who have been elected to the position of Honorary Alderman. Such a list shall be printed in the Year Book and Diary issued by the Council
- d) A person shall be deemed eligible to be enrolled as an Honorary Alderman provided that the person:
  - Is not a serving member of Exeter City Council
  - Has served as a Member of the City Council for at least 12 years in total
  - Has given exceptional service during that period

### **3. Method of Enrolment**

- a) No person who has one or more of the above qualifications shall be enrolled automatically as an Honorary Alderman but only in accordance with the procedure set out above.
- b) Formal election to the position of Honorary Alderman shall be by a resolution of the City Council passed by not less than two thirds of the Members present and voting thereon at a meeting of the Council specially convened for the purpose.

### **4. Withdrawal of the title and its privileges**

- a) The position of Honorary Alderman is awarded for exceptional service and is a non-political role. As such the Council considers that is inconsistent for an Honorary Alderman to be politically active. In the event of an Honorary Alderman seeking election to the City Council, or any other Council within the area, he or she shall, from the time this scheme is adopted, cease to hold the position of Honorary Alderman if he or she is still standing as a candidate immediately following the deadline for withdrawal of candidature. At that time the entitlement to such rights and privileges attached to the position of Honorary Alderman shall cease automatically.
- b) If an Honorary Alderman fails to be elected, then the rights and privileges of an Honorary Alderman shall be restored.
- c) If elected, the rights and privileges of an Honorary Alderman shall remain removed until such time as they cease to be a Councillor, when they will be restored with immediate effect.
- d) It shall be competent for the Council in any other particular case to withdraw the title of Honorary Alderman and the attached rights and privileges. Such withdrawal of the title shall be by way of formal motion to a meeting of the full Council, (the summons to which contains special notice that such withdrawal is proposed and the reason therefore) and subsequent resolution of the Council passed by not less than two thirds of the Members present and voting thereon at the meeting of the Council. On the passing of such resolution, the Corporate Manager, Democratic & Civic Support shall delete the name of the person concerned from the list of Honorary Alderman and advise that person accordingly.

### **5. Privileges**

An Honorary Alderman shall be entitled to the following rights and privileges:

- To enjoy the courtesy title of Alderman and to be so addressed.
- In the event of the Council deciding to give some badge, robe or emblem to Honorary Alderman, to wear such badge, robe or emblem on civic occasions.
- At each meeting of the Council to have seats reserved in the public gallery for the use of Honorary Aldermen.
- To receive a copy of each Council summons and a copy of the Council Year Book and Diary.

- To received invitations to all civic and social events to which Members of the Council are invited.
- To walk in civic procession in a position immediately senior to serving Members.
- To enjoy such other privileges as the Council may confer upon them from time to time.