

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 3 December 2014

Present:-

Councillor Greg Sheldon (Chair)
Councillors Baldwin, Brock, Henson, Laws, Lyons, Morris, Raybould and Williams

Also Present

Deputy Chief Executive, Assistant Director Finance, Corporate Manager - Legal, Audit Manager (HP) and Democratic Services Officer (Committees) (SLS)

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MINUTES

The minutes of the meeting held on 24 September 2014 were taken as read and signed by the Chair as correct.

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DECLARATIONS OF INTEREST

No declarations of discloseable pecuniary interest were made.

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REVIEW OF CORPORATE GOVERNANCE RISK REGISTER

The report of the Corporate Manager Policy, Communications and Community Engagement was submitted, which advised the Committee of the changes made to the Corporate Risk Register. The Council's corporate risk register ensures that the Council's business was conducted in accordance with the law and appropriate standards, and that public money was safeguarded and properly accounted for and used economically, efficiently and effectively.

The Deputy Chief Executive presented the report and referred to a number of new risks which had been added to the Register. These included a welcome update on the backlog of land charge searches, which would be reduced to an acceptable level by the end of the year. There had been a significant increase in land charge requests which had been in part due to an upturn in the housing market and vibrant local economy. Despite the positive stance in this sector, he also addressed a Member's comment on the impact of welfare reforms. Further clarification was still needed from the Department of Work and Pensions on the imminent introduction of Universal Credit in this area. The Assistant Director Finance stated that they had been studying an analysis of council tax collection rates as well as the wider topic of debt to look to mitigate any future concerns.

The Deputy Chief Executive responded to a Member's comment on a number of issues relating to the RAMM and assured the Members that they were likely to be the subject of a separate briefing for Members.

The Audit and Governance Committee reviewed and noted the updated Corporate Risk Register for the City Council.

AUDIT AND GOVERNANCE COMMITTEE UPDATE

The Senior Audit Manager, from the Council's external auditors Grant Thornton circulated a paper which provided Members with an updated position of the progress made by them to deliver their responsibility as the City Council's auditor.

Further work would be carried out in respect of the 2013/14 certification work in respect of the City Council's Housing Benefits as additional work on testing cases, including checking the evidence provided had been necessary. A Member enquired if there were any underlying factors that might have contributed to the need for a review of a higher sample of cases. The Deputy Chief Executive advised that an invitation would also be extended to the Assistant Director Customer Access to attend the meeting to formulate an action plan to address the issues raised.

The Senior Auditor advised that further detail would be included in their Certification letter which would be presented to the next meeting.

The Audit and Governance Committee noted the report.

ANNUAL AUDIT LETTER - GRANT THORNTON

The Senior Audit Manager, from the Council's external auditors Grant Thornton presented the Council's Annual Audit letter which provided a summary and a judgement of the key findings arising from the work carried out for the City Council. He updated the Committee and confirmed that the Annual Audit Letter included an audit of the financial statements, the value for money conclusion and the pooled receipts return, as part of the certification of grant claims and returns. One area of this work in relation to the Council's Housing Benefits remained outstanding and a further breakdown of the work needed to complete this would be made at the next meeting of the Audit and Governance Committee.

The certification letter had now been completed and complied with the statutory deadlines. The annual Audit Letter would be published on the City Council's web site and the Audit Commission's website. The audit fee for 2013/14 was £76,283 excluding VAT in line with the planned fee for the year. A copy of a Grant Thornton publication *Rising to the Challenge, The Evolution of Local Government*, which provided a summary of findings for a fourth year of financial checks of English local authorities was a useful document and would be circulated to Members for their information.

The Audit and Governance Committee received the Annual Audit Letter.

INTERNAL AUDIT PROGRESS REPORT

The report of the Audit Managers was submitted which advised of the internal audit work carried out during the period 1 July to 30 September 2014, together with the current status of each area of the annual Audit Plan for review and the outcomes of the review, where completed. It was noted that a summary of the progress made against the annual Audit Plan, showed that it was on target.

The report also highlighted two areas where a recommendation had been made but not accepted by management, including the need for the completion of e-learning safeguarding training to be made mandatory to all staff. It was felt although this had not been supported, that the issue had been raised sufficiently. The report also included a number of recommendations relating to the valuation of artefacts listed in the Royal Albert Memorial Museums' Accessions Register. The Strategic

Management Team subsequently requested that the recommendation should be actioned to ensure that objects in the Accession Register should be assigned a value and a review of the cover made on an annual basis. As a result, the Corporate Risk Register had also been updated.

The Audit and Governance Committee noted the internal Audit Progress Report for the second quarter of the year 2014/15 and accepted the audit report recommendation not accepted by management, as detailed in the report, as being acceptable risks to the Council.

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MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE - SELF ASSESSMENT CHECKLIST UPDATE

The Audit Manager (HP) referred to the need for the Audit and Governance Committee to periodically evaluate its performance against the responsibilities set out in the Committee's terms of reference to demonstrate the Council's commitment to improving its governance. A self assessment checklist/ questionnaire was circulated to enable Members to assess the effectiveness of the Audit and Governance Committee and identify any further improvements. Members had completed the self assessment of good practice as part of a facilitated group, which also helped to inform a discussion on the results of the questionnaire. A number of queries relating to the independent status of the Committee Members in relation to their membership of other Committees on the Council, and also the role of the Audit and Governance Committee in overseeing the Council's Constitution were raised and a response would be made shortly.

The self-assessment activity also raised the future focus on a number of areas and Members discussed the possibility of a local refresh being arranged to ensure that they were adequately equipped to deal with the issues raised.

It was noted that the CIPFA Self Assessment Checklist – '*Measuring the Effectiveness of the Audit Committee*' attached as an appendix to the report was completed by Members of the Audit and Governance Committee. The completed checklist will be used by this Committee to address the need for any improvement.

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REGULATION OF INVESTIGATORY POWERS ACT 2000 RIPA

The report of the Monitoring Officer/Corporate Manager Legal Services was submitted and reminded Members of the obligations under the Regulation of Investigatory Powers Act 2000 (RIPA) and the Council's RIPA Policy. Article 8 of the European Convention on Human Rights provided for 'Everyone has the right to respect for his private and family life, his home and his correspondence'. There can be no interference by a public authority with the exercise of this right except such as in accordance with the law. In certain limited circumstances, the Council may interfere with the right provided the interference is in accordance with the law, necessary, and proportionate.

RIPA requires the Council to have in place procedures to ensure that when required, covert surveillance was necessary and properly authorised. Surveillance was usually a last resort. RIPA sets out a statutory mechanism for authorising covert surveillance and the use of covert human intelligence sources. RIPA requires that formal "Authorisation" from a senior officer must be obtained before carrying out covert surveillance, monitoring and other evidence-gathering activities. Any such Authorisation granted must be supported by an Order approving the grant or

renewal of such Authorisation from a Justice of the Peace (either a District Judge or lay magistrate) before it could take effect.

The Monitoring Officer, Corporate Manager Legal Services responded to a Member's comment on the changes, confirming that even though no authorisations had been granted in the last two years investigating officers needed to follow the authorisation process. She and the Assistant Director Environment were the authorising officers. One other change made was to have the Deputy Chief Executive as the Senior Responsible Officer.

RESOLVED that the Audit and Governance Committee approved the following:-

- (1) a reaffirmation of the Council's RIPA policy and the new format as set out in Appendix 1 to the circulated report;
- (2) delegated authority be given to the Monitoring Officer to update and amend the Policy as necessary, and
- (3) as no application for covert surveillance had been made to the Council's approved "Authorising officers", it was noted that as a consequence no application to the Magistrates' Court requesting approval of any such grant had been made.

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WHISTLEBLOWING POLICY REVISION

The Monitoring Officer/Corporate Manager Legal Services presented a report which proposed a revision of the Council's Whistleblowing Policy. This needed to be updated to take into account changes to the Public Interest Disclosure Act 1998. From June 2014, a whistleblowing disclosure could only qualify for protection if an employee reasonably believed that their disclosure was made 'in the public interest'.

RECOMMENDED that Council be requested to approve the revised Whistle Blowing Policy dated 25 July 2014, which was attached to the circulated report, and the Constitution amended accordingly.

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LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, under section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following items on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3, of Part 1 of Schedule 12A of the Act.

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REVIEW OF CORPORATE GOVERNANCE RISK REGISTER (APPENDIX A)

The report of the Corporate Manager Policy, Communications and Community Engagement was submitted which advised the Committee of the changes to the Risk Register and which was included as an appendix.

The Audit and Governance Committee noted the details contained in Appendix A.

PROTECTING THE PUBLIC PURSE FROM FRAUD 2014

A briefing paper from Grant Thornton on protecting the public purse which included strategies for Exeter City Council was presented. The purpose was to provide an information source to support Members on considering their Council's fraud detection activities and also make a comparison with similar local authorities. It also provided a focus for discussing local and national fraud risks, to reflect on local priorities and consider the current strategy resources and capability for tackling fraud.

The Assistant Director Finance responded to a Member's question on the checks made to confirm those households in receipt of the Single Occupancy Council Tax discount in relation to other records held by the Council such as the Electoral Roll.

The Audit and Governance Committee noted the briefing paper.

FAILURE TO DECLARE DISCLOSEABLE PECUNIARY INTERESTS

The Monitoring Officer and Corporate Manager Legal Services reminded Members of their responsibility to declare any interests and particularly Declarations of Discloseable Pecuniary Interest or DPIs. She advised that the Leader of Dorset County Council had faced prosecution for not properly declaring that he had a Discloseable Pecuniary interest (DPI). He had three offences under the Localism Act 2011. She reminded Members of the importance that, if they had a DPI, they should remove themselves from the Committee meeting so that they did not have the opportunity to debate or vote on the matter when it is discussed. There was a reputational issue not only for the individual Member, but also the Council. If Members were in doubt about any interest, they should always contact her to discuss in advance of a meeting.

(The meeting commenced at 5.30 pm and closed at 7.05 pm)

Chair