

## **AUDIT AND GOVERNANCE COMMITTEE**

Wednesday 6 December 2017

### **Present:-**

Councillor Natalie Vizard (Chair)  
Councillors Wood, Mrs Henson, Keen, Lamb, Thompson and Warwick

### **Also Present**

Chief Finance Officer, Corporate Manager Democratic and Civic Support, Corporate Manager – Executive Support Unit, Audit Manager (HK) and Democratic Services Officer (Committees) (MD)

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### **APOLOGIES**

Apologies were received from Councillors Harvey, Musgrave and Sheldon.

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### **MINUTES**

The minutes of the meeting held 20 September 2017 were taken as read and signed by the Chair as correct.

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### **DECLARATION OF INTERESTS**

No declarations of disclosable pecuniary interests were made.

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### **EXTERNAL AUDIT TECHNICAL UPDATE AND ANNUAL AUDIT LETTER 2016/17**

Darren Gilbert, Director, KPMG, presented the progress report which provided Members with an updated position with regards to the delivery of their responsibility as the City Council's external auditor. Members were advised that work for the 2016/17 period had been completed as had the work for the Pooling of Housing Capital Receipts, which had raised no issues and the work for 2017/18 was in the process of commencement. He would provide a report on the scheduled work at the next meeting in 2018.

He discussed the Council's Annual Audit Letter which was a statutory requirement providing a summary and conclusion of key findings from the work carried out for the City Council in 2016/17. He confirmed that it included an audit of the financial statements, the value for money (VFM) conclusion and informed there was no new information to update. The letter would be published on both the PSAA and City Council websites for the public to view.

In response to Members' questions, Darren Gilbert informed them that the National Audit Office had issued a new guide to taxpayers rights in respect of audit and had changed the terminology to Local Authority from Council to reflect the fact that the guide covered Police Authorities and Fire Authorities as well as Councils.

The Audit and Governance Committee noted the External Audit Progress Report and Technical Update report and received the Annual Audit Letter.

## INTERNAL AUDIT PROGRESS REPORT

The Audit Manager (HK) presented the report on the internal audit work carried out during the period 1 July to 30<sup>th</sup> September 2017, advising Members on the overall progress against the Audit Plan highlighting that of the six audits undertaken, five had been reported as good with one area assessed as 'some improvement required..

There had been good progress during the first half of the year, but due to the loss of the finance apprentice and a staff member on long term sick leave, progress during the second half of the year had been impacted with an expected 40 day shortfall. The Audit Manager and Section 151 Officer proposed to fill this shortfall by existing staff members working additional hours, with a supplementary budget of £7,800 required to provide the additional staffing resources to deliver the approved audit plan.

She discussed the issue of the trade waste report which had been the one instance in this quarter where remedial action had not been agreed by management. She explained reconciliations were not currently carried out by cleansing between the incomes received. The Managers response had been "*The system should be fully automated by 1 December 2017, and data should transfer from the relevant field on Bartec to that on Ash Debtors. There would be no risk that the two systems would not balance*". It was considered this be approved by Council as a recommendation.

She explained that the annual governance statement (AGS) identified significant issues to Governance throughout the year, but the Council would continue to make improvements using an action plan, which is monitored by the Audit and Governance Committee quarterly and for which an update had been provided.

The new section on emerging issues and risks was discussed, which would inform Members of any emerging issues. Three risks highlighted were the replacement of the Data Protection Act with the General Data Protection Regulations (GDPR), the amendments to the IR35 (the Intermediaries legislation) responsibilities and Organised Crime procurement following a study by the Home Office.

A Member discussed the GDPR, and how Strata were working on incorporating security improvements to protect data. However it was the responsibility of the Members and not the Council, to ensure all confidential information in relation to their constituents was protected from risk.

In response to Members' questions, the Audit Manager (HK), Chief Finance Officer and Corporate Manager Executive Support Unit informed:-

- The staff member from the team was able to work in short periods, but has been signed off on long term sickness. The existing team members have the experience to cover the interim period and had originally worked full time hours, which had been reduced to part time hours to avoid redundancy. The option to extend hours would revert working hours back to full time and would not cause any issues which the audit team had agreed to do during the interim period;
- The representative for the Monkerton Heating Company was an individual, rather than the Planning Department. They would be the only one with any conflict of interest, which internal audits checks would check and the person be excluded accordingly;
- The data protection regulations were being replaced and action was required to ensure compliance with the new regulations;
- A working group has already been established with the Councils data protection officer to ensure that staff and Members received appropriate training on the

Data Protection Regulations. Guidance can also be provided to Members from the Policy Officer;

The Audit and Governance Committee noted the Internal Audit Report and requested Executive note and Council approve:-

- (1) The supplementary budget to cover the additional staffing costs to meet the approved audit plan; and
- (2) The manager's response for reconciliations on remedial actions.

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### **REPORT ON OMBUDSMAN COMPLAINTS**

The Corporate Manager Executive Support presented the report, which explained the role of the Local Government Ombudsman (LGO) in investigating and resolving complaints about councils and included the LGO's 2016/17 annual review of complaints about Exeter City Council. He explained that there was a legal duty to communicate the Council's performance in relation to the LGO annual review to Members.

He discussed the complaints received by Exeter City Council and decisions made by the LGO for the year ending 31st March 2017. Nine out of the ten cases dealt with the Ombudsman had resulted in no further action by the Ombudsman. Only one case was upheld and, whilst the case was unique, improvement steps had been put in place for the future.

Members discussed the department in question, referring to issues arising in levels of quality due to reduced staff numbers and ways of making improvements and requested more information from the Planning Solicitor on the complaint and needs of the department. In response to questions from Members, the Corporate Manager Executive Support explained that any upheld complaint was a concern for the Council, but the Ombudsman only addressed cases in which the complainant was not happy with the Council's response after considering it through the two stages of its complaints process.

The Audit and Governance Committee noted the report.

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### **DISQUALIFICATION CRITERIA FOR COUNCILLORS AND MAYORS**

The Corporate Manager Democratic and Civic Support presented the report which sought feedback from Members on the Consultation Paper, for the Governments' proposals to update the criteria for disqualifying individuals from either standing for, or holding office as, a local authority member, directly elected mayor or member of the London Assembly. Comments and feedback on the proposed questions from Members were requested before the consultation closed on Friday 8<sup>th</sup> December:-

- (1) Should an individual who is subject to the Notification requirement set out in the Sexual offenders Act 2003 should be prohibited from standing for election, or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or the London Mayor?
- (2) Should an individual who is subject to Sexual Risk Order be free to stand for election as a member of a local authority, mayor of a combined authority, member of the London Assembly or the London Mayor?
- (3) Should an individual subject to a Civil Injunction or Criminal Behaviour Order be prohibited from standing for election or holding office, as a

member of a local authority, mayor of a combined authority, member of the London Assembly or the London Mayor?

- (4) Do you agree that being subject to Civil Injunction or Criminal Behaviour Order be the only anti-social behaviour related reasons why an individual should be prohibited from standing for election or holding office, as a member of a local authority, mayor of a combined authority, member of the London Assembly or the London Mayor?
- (5) Do you consider that the proposal set out in the consultation paper will have an effect on the local authorities discharging their Public Sector Equalities Duties under the Equalities Act 2010?

Members discussed the questions and commented on the possible use of the Disclosure and Barring Service (DBS) checks for existing and prospective Councillors, how they could work and any limitations. They also discussed the potential for any unfair historic convictions being raised through the checks which could impact on running for public office and the democratic process. They agreed the DBS system would need to be streamlined to accommodate the local government system. They agreed to add a question to the consultation on the use of DBS checks and requested that the terminology used in some of the consultation questions be re-phrased to ensure clarity.

In response to questions from Members, the Corporate Manager Democratic and Civic Support explained that:-

- Details relating to Civil Injunctions and Criminal Behaviour Orders were outlined in the report;
- Disqualification criteria for Directors was established in the existing regulations;
- Using a DBS check would in his opinion be for the political party to make ahead of any election to ensure they are putting forward the appropriate candidates. This would not be for Council to make as it would be too late once an election was held. A check could be added to the consultation questions;
- The Police and Crime Commissioner role would have to have no criminal record of any kind. Any check which resulted in any form of offence would mean immediate dismissal;
- Any Councillor would be barred from public office while they had an injunction against them. Once it had been lifted, they would be free to run for election to be re-elected as a Councillor.

The Audit and Governance Committee noted the report and requested the following to be provided as the Councils response to the consultation:-

- Questions 1 and 5 - Yes in each case;
- Questions 2 and 3 – No in each case;
- Question 4 - the Committee felt that it could not respond to this question without further clarification on the exact meaning of the points contained therein; and
- That an additional point be raised in relation to the appropriateness of DBS (Disclosure and Barring Service) check being undertaken by individuals who put themselves forward as a member of a Local Authority, Mayor of a Combined Authority, Member of the London Assembly or the Mayor of London.

(The meeting commenced at 5.30 pm and closed at 6.35 pm)

Chair