

GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY, 27 APRIL 2010

Councillors: Jeff Beck (*Chairman*) (P), Paul Bryant (P), Tony Linden (P), Irene Neill (AP), Julian Swift-Hook (P), Tony Vickers (*Vice-Chairman*) (P), Quentin Webb (P)

Substitutes: Brian Bedwell, Adrian Edwards (SP), Roger Hunneman, Keith Lock

Also present: Andy Day (Head of Policy and Communication), Moira Fraser (Democratic Services Manager), Joseph Holmes (Accountancy Manager), Shannon Coleman-Slaughter (Group Auditor), Julie Gilhespey (Group Auditor), Ian Priestley (Assurance Manager), Susan Robbins (Service Manager Item 7), Emma Foy (Manager – KPMG Items 5 & 6)

PART I

43 Apologies

An apology for inability to attend the meeting was received on behalf of Councillor Irene Neill. Councillor Adrian Edwards substituted for Councillor Neill.

44 Minutes

The Minutes of the meeting held on 22 February 2010 were approved as a true and correct record and signed by the Chairman.

45 Declarations of Interest

Councillor Julian Swift-Hook declared an interest in Agenda Item 9 but reported that as his interest was personal and not prejudicial, he determined to remain to take part in the debate and vote on the matter.

46 Changing the Terms of Reference for the Personnel Committee (C2019)

The Committee considered a report (Agenda Item 4) concerning approval from full Council, to extend the remit of the Personnel Committee to include the approval of new and revised Health and Safety policies and procedures.

Andy Day in introducing the report reported that there was currently no mechanism in place to consider Health and Safety policies. As many of the policies were aligned to human resources issues, it was thought that the Personnel Committee would be the most appropriate Member body to consider these policies.

Members noted that although many of the policies related to employees, some Health and Safety policies would also pertain to members of the public and it was important that their wellbeing was also kept in mind.

Members were reminded that the annual Health and Safety Strategy was signed off by Individual Decision each year.

Councillor Adrian Edwards was concerned that the Members of the Personnel Committee might not have the necessary expertise to consider and comment on the specialised information contained in the Health and Safety papers. Officers

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explained that there would be professionals on hand to guide Members through the policies and procedures, and it was felt that the Personnel Committee was better equipped to consider these policies and procedures than any other existing committee. Members were also reminded that reports put before the Personnel Committee, would be considered by Corporate Board before they were placed in the Member arena.

Councillor Tony Linden noted that the Personnel Committee had discussed the changes, and they had concluded that they were willing to have the terms of reference expanded to include health and safety policies and procedures. The Personnel Committee felt that it would be useful to have some Member involvement in the formulation and adoption of these policies.

RESOLVED that the Changed Terms of Reference for the Personnel Committee be recommended for approval when considered by full Council on 11 May 2010.

Councillor Adrian Edwards abstained from voting on this item.

47 **KPMG Audit Plan (GA2014)**

The Committee considered a report (Agenda Item 5) concerning the cost and activities that would be completed by KPMG during the coming year. Emma Foy in introducing the report explained that this was an annual report that the external auditors (KPMG) were required to produce, setting out areas they would be undertaking audit work on over the forthcoming year and the cost associated with these audits (audit fees).

KPMG would be following a similar approach to the previous year. Work was about to start on the year end audit of the budget . An opinion on the Use of Resources would be given later in the year at the September meeting.

It was anticipated that there would be a less vigorous approach in respect of Use of Resources, as the Council had been awarded a score of three during the previous year.

Emma Foy explained that a lot of the work the auditors had to undertake was mandated. The auditors also considered the key risks to the Council and tended to focus on the high risk areas. In addition, the auditors would be focussing on areas that had scored a two in the previous year's Use of Resources Assessment, with the intention of raising the scores to threes during the current year.

RESOLVED that the KPMG Audit Plan be noted.

48 **KPMG Grants Audit Report (GA2040)**

The Committee considered a report (Agenda Item 6) concerning the KPMG audit of grants in 2008/09. Emma Foy explained that this was a new report (but not a new process) required by the Audit Commission (previous audits of grants had looked at smaller grants, the new methodology only required audits of grants in excess of £150k). This reduction in the workload had resulted in a reduced audit fee. The auditors had been notified of the need to produce this revised report just before Christmas 2009.

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There would always be a delay in reporting on this area, as the audit could only take place once the grants had been spent. The audits were not merely to ensure that unspent monies were returned to central government, but also sought to ensure that grants were spent on the 'right things.'

KPMG had focussed their audit on five grants (with a total value of £110m) and none had a qualified audit opinion. Small amendments had been made to the Housing Benefits and NNDR grants and a more significant adjustment of £275k had to be made to the SureStart grant (budget capital expenditure rather than actual expenditure figures had been used to complete the form, but the amendments did not result in a change in the funding).

RESOLVED that the KPMG Grants Audit be noted.

49 Internal Audit Report Q3 of 2009/10 (GAC1903)

The Committee considered a report (Agenda Item 7) concerning the outcomes of audits completed in the third quarter of 2008/09. Ian Priestley in introducing the item, explained that the report highlighted areas of concern identified by the Internal Audit team. He noted that at the end of the fourth quarter 88% of internal audit plan work had been completed.

The report set out the comments from the Head of Property in relation to the two audits rated as weak or very weak (Commercial Rents and Building Maintenance) undertaken during this quarter. The Head of Property would usually have six months to implement the actions to rectify the problems identified. A follow up audit would take place in six months time to establish progress, but it was not anticipated that all changes would have been implemented by then.

Officers explained that many of the actions to address the issues related to the two Property Audits were reliant on the recruitment of the Business Development Manager (BDM). The newly appointed Head of Property had been awaiting the outcome of the recent Senior Management Review before recruiting to this post. Members accepted this explanation and felt that it was necessary to give the new BDM time to deal with the issues identified.

Members were eager to see a report back on progress being made in respect of Building Maintenance. It was accepted that due to the time that would be required to progress the recommendations, it was unlikely that this would be achieved by quarter four. Ian Priestley was therefore asked to provide an update in twelve months time.

The third section of the report identified two audits where there had been insufficient progress made with implementing actions to address weak audits namely: Contract Letting and Home to School Transport. As was practice, the relevant Heads of Service (Finance and Education) had been invited to attend this meeting to discuss progress with Members. The Head of Finance had asked Joseph Holmes to attend on his behalf and the Head of Education had asked Susan Robins to attend on his behalf.

Before discussing the specific areas of concern, Members made the following general comments on the report:

- They would like to see some information under the financial implications section of the report. While they accepted that the exact sums would be

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difficult to quantify in many cases, the report should at least state that there would in some instances be some financial implications for the Council if action was not taken.

- Under the Equality Impact Assessment implication, the wording should be changed to say 'not required' rather than 'none' as was the current case.

Joseph Holmes on behalf of the Head of Finance explained that the implementation of the recommendations relating to Contract Letting had been delayed, due to the changes resulting from the Senior Management Review. The issue of compliance checks was now being dealt with and responsibility had been transferred to the Assurance Team. The Procurement Team had transferred to the Legal Service and the issues around conflicts of interest would therefore be picked up by the Head of Legal and Electoral Services.

Susan Robbins explained that she was not employed by the Council at the time the audit of Home to School Transport had taken place. However this was work in progress and progress was being made. Susan Robbins noted that one of the contributory factors to a perceived unsatisfactory response was some confusion over the roles and responsibilities of Education Access and Transport Services, which were being addressed. Some of the other recommendations would be raised with Members, at the next training session for Appeal Panel Members which was due to take place shortly.

RESOLVED that:

1. the outcomes of the audit work undertaken in the third quarter of 2008/09 be noted.
2. A report back on progress being made in respect of Building Maintenance be brought back to Governance and Audit meeting in twelve months time.

50 Internal Audit Strategy and Work Plan (GAC1904)

The Committee considered a report (Agenda Item 8) concerning approval of the internal audit strategy and plan 2010-13. Ian Priestley in introducing this item, explained that this was an annual report that Officers were required to produce, which set out the activities of the Internal Audit team for the forthcoming year. The report also had an Audit Charter attached to it, which was the protocol officers would follow in undertaking their work.

The work plan tended to focus on areas of high risk, to ensure that the control measures that were being put in place would effectively reduce the risk to the Council. The complexity of the audit was rated on a scale of 1 to 4 (with 4 being the most complex). The more Senior Auditors were then allocated the more complex pieces of work.

The work plan was refreshed each year to reflect current priorities. Members felt that it would be useful if in future, any changes to the work programme be highlighted in the report, so that Members would easily be able to identify areas that had been elevated or demoted.

In response to a query, Ian Priestley explained that there had not been any significant changes to the Strategy. Members felt that it was important that this be

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articulated in the covering report to be considered by Full Council and that any areas of concern should also be referred to in this report.

RESOLVED that the Internal Audit Strategy and Plan for 2010-2013 be approved.

51 Protocol for Members on Outside Bodies (C1992)

(Councillor Julian Swift-Hook declared a personal interest in Agenda Item 9 by virtue of the fact that he was the Council's representative on MENCAP. As his interest was personal and not prejudicial he determined to take part in the debate and vote on the matter)

The Committee considered a report (Agenda Item 9) concerning agreement for a protocol for Members appointed to represent the Council on Outside Bodies. In introducing the report, Moira Fraser explained that she had been asked to draft the report at the behest of the Monitoring officer, to ensure that Members were provided with the necessary information before agreeing to represent the Council on an Outside Body. The protocol also set out a mechanism for reporting back to Council by Members on Outside Bodies on an annual basis.

Members felt that the protocol was a good idea in principle, as representation on outside bodies formed an integral part of a Councillor's role.

Members asked that the following amendments be made to the report prior to consideration at full Council on the 11 May 2010:

- Paragraph 4.3 third bullet point, delete the words 'which is outside the agreed Capital and Revenue budgets and delete the fourth bullet point;
- Paragraph 7.3 replace the word 'requested' with the word 'required';
- Due to the queries it would raise at the meeting, the database be excluded from the Council report.

Members felt that the reporting back form still required some work. It would be difficult to have a form that would suit all reporting back, given the wide range of organisations the Council appointed representatives to. Members felt that it would be useful to include a section for 'additional information' and a synopsis of the areas covered by the outside body during the year on the form, in an effort to address this issue, Members felt that due to the nature of some organisations reporting back would be more important in some cases than others.

Members felt that although this was a good and useful document, which set out clearly what Members appointed to outside bodies could expect it might require some further refinement especially to the reporting back form. The recommended action should therefore be amended to read 'To recommend to Council that the Protocol for Members in relation to representation on outside bodies be approved and kept under review by the Governance and Audit Committee'.

RESOLVED that the Protocol for Members on Outside Bodies be recommended for consideration and approval by full Council on 11 May 2010, subject to the inclusion of the minor amendments set out above.

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(The meeting commenced at Time Not Specified and closed at Time Not Specified)

CHAIRMAN

Date of Signature