

Time Commenced: 6.00pm
Time Finished: 8.50pm

AUDIT AND ACCOUNTS COMMITTEE

6 July 2016

Present: Councillor Hezelgrave (Chair)
Councillors Ashburner, Harwood, Roulstone. Smale, Turner and West

In attendance
Councillor Shanker – Cabinet Member for Regulatory Services
Philip Sunderland - Observer
Helen Henshaw and Steve Clark – Ernst Young
Janie Berry – Director of Governance and Monitoring Officer
Richard Boneham – Head of Governance and Assurance
Martyn Marples – Director of Finance
Linda Spiby – Acting Head of Procurement

01/16 Apologies for Absence

An apology for absence was received from Councillor S Khan.

02/16 Late Items

In accordance with Section 100(B) (4) of the Local Government Act 1972, the Chair agreed to admit the following late items on the grounds that they should be considered as a matter of urgency because a decision was required before the next meeting:

- Report in the Public Interest
- A52 – Wyvern Transport Improvement Scheme – Revised Scheme Costs and Funding

03/16 Declarations of Interest

Councillor Hezelgrave declared that he was a Member of the Taxi Licensing Sub Committee in the previous Municipal Year.

Councillor West declared that her husband used to be employed in the Procurement section of the Council.

04/16 Minutes

The minutes of the meeting held on 23 March 2016 were agreed as a correct record.

05/16 Report in the Public Interest

The Committee considered the Report in the Public Interest and the associated draft

action plan. The Cabinet Member for Regulatory Services reported that the action plan would be discussed with each of the political Groups and amended accordingly. The updated action plan would be considered at a future meeting of the Committee.

Members of the Committee asked about how any new issues could be raised. It was explained that the Whistleblowing Policy was the route to raise issues.

The external auditors welcomed the action plan and asked the Committee Members if they were reasonably assured that the actions would address the issues raised and if they could be sure there were no more issues historic or current that had not been found.

Work was underway to address the issues raised in the report and this would continue over the coming months. The statutory officers were striving for integrity, transparency and robustness.

Members of the Committee suggested that the Standards Committee powers may need to be extended or strengthened. It was noted that the 8 Members who had been referred to the Standards Committee following the Report in the Public Interest would have their cases heard under the current procedures.

Resolved

- 1. To note the report.**
- 2. To include the action plan as a standing item on the agenda for the Committee until it had been completed.**

06/16 A52 Wyvern Transport Improvement Scheme – Revised Scheme Costs and Funding

Councillor Harwood raised concerns that the costs of the A52 Wyvern Transport Improvement Scheme had been underestimated due to services under the road. It was noted that the Corporate Scrutiny and Governance Board and Council Cabinet would be considering reports on this subject at their meetings on 12 and 13 July 2016.

Resolved to raise the concerns at the Corporate Scrutiny and Governance Board.

07/16 Appointment to the Central Midlands Audit Partnership

Resolved to appoint the Chair, Councillor Hezelgrave, to the Central Midlands Audit Partnership Board.

08/16 Local Government Audit Committee Briefing

The Committee considered a Local Government Audit Committee Briefing.

Resolved to note the briefing.

09/16 Referral from Supporting Derby's Workforce Board – Use of Agency Workers and Consultants

The Committee considered a report of the Chair of the Supporting Derby's Workforce Board on Use of Agency Workers and Consultants. The Board had asked the Audit and Accounts Committee to review the procurement process in relation to the recruitment of consultants. The Monitoring Officer reported that the contract for agency work was currently going through the tender process and she would be able to report further at the next meeting.

Resolved to consider further at the next meeting.

10/16 Reporting on Waivers

The Committee considered a report which set out details of 13 waivers during the period 28 January and 22 June 2016.

Broken down by directorate we had

Directorate	Number of Waivers	Classification	
		Unavoidable	Avoidable
Communities & Place	2	1	1
People Services	4	3	1
Organisation & Governance	7	3	4
Total Number of Waivers	13	7	6

Of these waivers:

7 were unavoidable

2 were avoidable but there were considered reasons for the Waiver

4 were avoidable if measures such as better planning had taken place.

Members asked about the IT waivers and how many sub contracts there were and their values, following the ending of the Serco contract.

Members of the Committee expressed concern about the urgent waiver to extend the arrangement with Baltimore Consulting Group to complete the conversion of Statements of Special Education Needs to Education Health and Care Plans.

Resolved

1. **To note the report.**
2. **To request the Director of Finance to find out how many sub contracts there were and their values following the ending of the Serco contract.**
3. **To summon a representative of People Services to the next meeting to explain the waiver relating to the extension of the arrangement with Baltimore Consulting Group to complete the conversion of Statements of Special Education Needs to Education, Health and Care Plans.**

11/16 Head of Audit Annual Audit Opinion 2015/16

The Committee considered a report which provided Members with the Head of Governance and Assurance's opinion on the adequacy and effectiveness of the Council's internal control environment. The report also contained the annual internal audit report for 2015/16.

Resolved

1. **To note the Head of Governance and Assurance's opinion on the internal control environment.**
2. **To note the annual report.**

12/16 Annual Governance Statement 2015/16 – First Draft

The Committee considered the first draft of the Annual Governance Statement 2015/16. The production and publication of the Annual Governance Statement was a statutory requirement. The 2015/16 draft statement reflected the on-going work within the Council to improve its governance framework.

It was noted that the statement was a changing document and would be amended before being considered at the next meeting.

Resolved to note the draft Annual Governance Statement 2015/16.

13/16 Governance Update

The Committee considered a report which provided an update on information governance issues within the Council.

Resolved to note the report.

14/16 Risk Management and Insurance Annual Report 2015/16

The Committee considered a report which stated that one key role of the Committee was to consider, approve and monitor the effective development and operation of risk management in the council. The insurance and Risk Management Annual Report outlined the developments in the Council's risk management framework during 2015/16.

Insurance and risk management were intrinsically linked. Risk management was initially developed as a way to mitigate increasing insurance costs. Modern practice recognised that insurance was the most common way for transferring potentially unknown financial impacts of certain risks from the council to the insurer for a known fixed premium. Therefore a strong risk management program was mutually beneficial. The insurer minimised the payments it was required to make on insured risks and the council minimised the problems and difficulties that went with both insured and non-insured risks that it faced.

The report has been produced to enable members to review the key improvements in both risk management and the insurance function in the year and to assess the level of assurance that the Committee could provide to both the Council Cabinet and Council.

Resolved

- 1. To note the actions and the progress being made to enhance the risk management framework.**
- 2. To advise Council Cabinet and Council that further work was required to properly embed a robust risk culture.**
- 3. To note the developments within the Insurance function.**

15/16 Update on Anti Fraud Activities

The Committee considered a report which provided an update on the anti-fraud activities being undertaken within the Council

Resolved to note the actions and the progress being made on the clearance of National Fraud initiative matches and associated anti-fraud activities.

16/16 CIPFA Fraud and Corruption Tracker 2015

The Committee considered a report which provided members with a synopsis of the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre's Fraud and Corruption Tracker 2015 national report on fraud in local government which reflects the results of its annual fraud survey.

Resolved to note the report.

Minutes End