

Time Commenced: 10.00am
Time Adjourned: 11.50am
Time reconvened: 12.07pm
Time Finished: 2.00pm

AUDIT AND ACCOUNTS COMMITTEE

22 March 2017

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

In attendance

Helen Henshaw and Steve Clark – Ernst Young

Paul Robinson – Chief Executive

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

Olu Idowu – Head of Legal Services

Jacinta Fru – Assistant Audit Manager

Mark Fairweather – Head of ICT

Mark Walker – Head of Client Services

David Walsh – Head of Democracy

48/16 Apologies for Absence

There were no apologies for absence.

49/16 Late Items

There were no late items.

The Director of Finance gave an update on the position with the Statement of Accounts, Annual Governance Statement and the ISA 260 report due to be considered at the meeting to be held on 29 March 2017.

50/16 Declarations of Interest

There were no declarations of interest.

51/16 Minutes

The minutes of the meeting held on 30 November 2016 were agreed as a correct record.

Minute no 36/16 – The Director of Finance agreed to provide further information on

where liability lay with services the public perceived were the Council's responsibility.

Minute no 37/16 – The information requested had been circulated.

Minute no 38/16 – This would be considered at the next meeting.

At this point a resolution was passed to exclude the press and public during consideration of the following item

“that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”.

Minute no 41/16 – Mark Fairweather and Mark Walker attended the meeting to give the Committee an update on how the Council managed the risk of prolonged cyber attacks.

At this point the public and press were readmitted to the meeting.

Minute no 43/16 – resolution 4 agreed to call the Director of Digital Services to the next meeting to answer questions on the implementation of recommendations from the Network Access Management and VOIP Security Assessment audits.

Resolution 7 it was noted that this would now be considered at the June/ July meeting.

Minute no 47/16 – This would be considered at the June/July meeting.

53/16 Internal Audit Update

The Committee considered the Internal Audit progress report covering the period November 2016 to February 2017.

The Committee were updated on the progress of the planned but unallocated audits from the previous report.

Members of the Committee particularly considered the audits where there was a limited overall control assurance rating. The following comments were made.

- Information Governance – the Committee was concerned about the number of FOI requests and Subject Access Requests and the amount of resource they were taking up. There was a trend emerging that they were increasingly being used for political purposes. There was concern that the trend would continue particularly in the lead up to the 2018 elections. It was agreed that the Chair should write to all Councillors to encourage them to ask for information in a different way.

- Liquid logic – the Committee requested an update at the next meeting to ensure the recommendations had been put in place by the end of May 2017.
- Derby Arena – the Committee requested an update on implementation of recommendations at the meeting in June/July 2017.
- Purchase Cards – the Committee was concerned that some of the recommendations would not be implemented until October 2017.

Resolved

- 1. To note the report.**
- 2. To request the Chair to write to all Councillors to encourage them to only use FOI requests and Subject Access Requests if all other methods had been exhausted.**
- 3. To request updates on the Liquid Logic audit and the Derby Arena audit be presented to the meeting in June/July 2017.**
- 4. To request the Head of Governance and Assurance to establish the reasons why some of the recommendations in respect of the purchase cards audit were not being implemented until October 2017.**

54/16 Internal Audit Plan 2017/18

The Committee considered a report which stated that the Public Sector Internal Audit Standards expected that annually the Chief Audit Executive (ie Head of the Audit Partnership) was responsible for developing a risk-based plan.

A fundamental role of Internal Audit was to provide members and senior management with independent assurance on the Derby City Council's overall control environment, comprising the systems of governance, risk management, and internal control and to highlight control weaknesses together with recommendations for improvement. The annual Audit Plan set out proposals on how this would be achieved in the year ahead.

The Audit Plan must incorporate sufficient work to enable the Chief Audit Executive to give an opinion on the adequacy of the Derby City Council's overall control environment. Internal Audit must therefore have sufficient resources to deliver the Audit Plan.

The audit work planned for 2017/18 would inform the Chief Audit Executive's opinion on the internal control environment that existed within Derby City Council. The Chief Audit Executive reports his overall opinion to the organisation's Board (ie the body carrying out the role of the organisation's Audit Committee) on an annual basis.

The report provided the Committee with an opportunity to challenge and approve the planned work of the Internal Audit service. As well as satisfying themselves that the methodology and arrangements for preparing the annual Audit Plan were robust.

Resolved to approve the 2017/18 internal audit plan.

55/16 Effectiveness of Audit and Accounts Committee – Self Assessment

The Committee considered a report which sought endorsement of the Committee to the revised template to assess its effectiveness. It proposed that Members complete the agreed template and that the findings and required actions were brought to the July 2017 meeting of the Committee for consideration.

Resolved

- 1. To note and endorse the self-assessment template in Appendix 2 of the report.**
- 2. To request the Head of Governance and Assurance to distribute the finalised template to all members of the Committee for them to complete and return to him by 12 May 2017.**
- 3. To receive a report at the July meeting of the Committee on the outcome of the self-assessment and any actions that are required to address areas identified which require improvement.**
- 4. To feedback the results of the self assessment to the Leadership of each of the political Groups.**

56/16 Committee Work Programme

The Committee considered a report which set out details of the proposed work programme for the Committee for the next 18 months.

Resolved to approve the work programme set out in Appendix 2 of the report.

57/16 Certification of Claims and Returns Annual Report
2015/16

The Committee considered a report which set out the Certification of Claims and Returns Annual Report 2015/16.

Resolved to note the report.

58/16 Information Governance Annual Report 2016

The Committee considered a report which provided Members with a summary of the key statistics and work in respect of the Information Governance service in 2016.

Resolved to note the report.

59/16 Local Code of Corporate Governance

The Committee considered a report which stated that local authorities were required to maintain a Local Code of Corporate Governance (Local Code). The purpose of the Local Code was to set out the Council's commitment to the principles of good governance as set out in "Delivering Good Governance in Local Government Framework 2016", published by CIPFA in association with SOLACE.

The report provided Members with the opportunity to review, comment and endorse the Council's revised Local Code, as set out in Appendix 2 of the report.

Resolved to endorse and approve the revised Local Code of Corporate Governance, as set out in Appendix 2 of the report.

60/16 Update on Anti Fraud Activities

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

It also provides an update on any notifications/investigations that had taken place under the following legislation:

- Money Laundering Regulations 2007
- Bribery Act 2010
- Public Interest Disclosure Act 1998
- Regulation of Investigatory Powers Act 2000.

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

61/16 Risk Management Strategy and Handbook

The Committee considered a report which set out the revised Risk Management Strategy and handbook. These were set out at Appendix 2 and 3 of the report.

Resolved to endorse the revised Risk Management Strategy and the Risk Management Handbook.

62/16 Risk Management and Insurance Update

The Committee considered a report which gave an update on the continuing development of the Council's Risk Management framework and its insurance function.

Insurance and risk management were intrinsically linked. Risk management was initially developed as a way to mitigate increasing insurance costs. Modern practice recognised 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 programme was mutually beneficial. The insurer minimised the payments it's required to make on insured risks and the council minimised the problems and the difficulties that go with both insured and non-insured risks that it faced.

The report has been produced by officers to enable members to review the key improvements in both risk management and the insurance function 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 progress being made in enhance the Council's Insurance and Risk Management programmes.**
- 2. To advise Council Cabinet and Council that further work was required to properly embed a robust risk culture.**

63/16 Reporting on Waivers

The Committee considered a report which set out details of 19 waivers during the period 10 November 2016 and 3 March 2017.

Broken down by directorate we had

Directorate	Number of Waivers	Classification	
		Unavoidable	Avoidable
Communities & Place	10	0	10
People Services	3	0	3
Organisation & Governance	6	0	6
Total Number of Waivers	19	0	19

Of these waivers:

None were unavoidable

Resolved to note the report.

64/16 Appointments to the Independent Remuneration Panel

The Committee considered a report which stated that the Council had been through a process to refresh membership of the Independent Remuneration Panel. This was the panel which was responsible for making recommendations on the allowances paid to Councillors.

Approval was now sought on the appointments. It was a voluntary role, although reasonable expenses, such as travel, were payable.

The report detailed the recruitment channels that had been used and gave information about the recommended appointees.

Resolved

- 1. To note the process that had been undertaken in seeking a refreshed membership of the Independent Remuneration Panel.**
- 2. To note the biographical details within the report of those individuals recommended for appointment to the Independent Remuneration Panel.**
- 3. To appoint the following persons to the Independent Remuneration Panel on a four-year term, expiring 21 March 2021:**
 - Freda Daniel**
 - Derek Heal**
 - Sue Holmes**
 - Scott Knowles**
 - Selwyn Lound**
 - Narinder Sharma.**

65/16 Exclusion of the Press and Public

To consider a resolution to exclude the press and public during consideration of the following item

“that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”.

66/16 Risk Based Verification Policy for 2017/18

The Committee considered a report which set out proposed changes to the Council's Risk Based Verification Policy to take effect from 1 April 2017.

Resolved to approve the Council's revised Risk Based Verification policy.

Minutes End