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| Meeting   | Audit & Governance Committee  |
| Date      | 3 May 2017  |
| Present   | Councillors N Barnes (Chair), Fenton, Kramm, Steward (in attendance for agenda items 1 to 5), Brooks and Looker (sub for Cllr Flinders) and Mr Mendus |
| Apologies | Councillors Dew, Cuthbertson, Flinders and Bateman  |

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## 76. Declarations of Interest

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda. No additional interests were declared.

## 77. Minutes

Resolved: (i) That the minutes of the meeting held on 22 February 2017 be approved and then signed by the Chair as a correct record subject to the following amendments

In Minute 63 – Public Participation  
In the second paragraph, third line, delete the word '*allegations*', and in the final sentence, amend the wording to read '*She asked Councillors to demand Police action, an independent investigation by CIPFA, and that statutory officers be held to account.*'

(ii) That the minutes of the meeting held on 5 April 2017 be approved and then signed by the Chair as a correct record subject to the following amendments

Minute 69 – Minutes  
First line delete the word '*any*'.

## **78. Public Participation**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Ms Gwen Swinburn, expressed her concerns in relation to five points. Firstly, she requested publication of the terms of reference for the investigation into the Audit & Governance Committee meeting held on 22 February. She questioned timescales for the external evaluation of the internal audit function and requested structured prioritisation of future internal audits. Ms Swinburn also questioned when the expenditure, which the auditors had been unable to audit owing to a lack of paperwork, would be addressed. Finally Ms Swinburn requested consideration of the Council's social media policy by the Executive or Executive Member to ensure transparent decision making.

## **79. Internal Audit and Counter Fraud Plan 2017/18**

Consideration was given to the planned programme of internal audit and counter fraud work to be undertaken during 2017/18, which required the approval of the Committee, set out at Annex 1 of the report.

In response to questions the Head of Internal Audit confirmed that the plan of work had been based on a risk assessment undertaken by Veritau, together with discussions with individual managers. He confirmed that close working with managers had then enabled Officers to prioritise planned work. He clarified that, prior to each audit; a scoping report would be prepared in conjunction with the manager, although work needed to be flexible to account for emerging issues.

Officers responded to a number of questions in relation to items listed in the work plan including:

- Other Chargeable Work - Shareholder Committee – chargeable costs to be removed from plan for listing elsewhere
- Property Income - confirmed that this audit would examine the policies of the Council relating to balancing income whilst helping small businesses to flourish
- Confirmation that the actions arising from the recommendations of the Flood Inquiry would be

addressed in the Business Continuity and Emergency Planning audit

- Confirmation that the Procurement of Sub-Contractors audit would include areas where an absence of documentation had previously been found and may be extended to other areas
- Networking with other local authorities who often had similar issues and discussions with external auditors also assisted in the preparation of the work plan
- Health and Safety and IT would be included in many of the audits and would focus on all areas of work including security
- Adequate protection against cybercrime would be considered for future consideration
- Clarification that the Budget Savings audit had been cancelled, for rescheduling in December, however it was noted that there were systems in place to monitor progress

Following further discussion it was

Resolved: That the Committee approve the 2017/18 internal audit and counter fraud plan.

Reason: In accordance with the committee's responsibility for overseeing the work of internal audit.

## **80. Audit and Counter Fraud Monitoring Report**

Consideration was given to an update report on progress made in delivering the internal audit work plan for 2016/17 and current counter fraud activity.

Members noted that copies of the audit reports had been published on-line with paper copies available on request and that to date 95% of the audits had been completed from the 2016/17 audit plan. It was also noted that the fraud team had now achieved £347k in savings for the council as a result of their investigative work.

Members made the following requests regarding the reports<sup>1</sup>:

- Internal Fraud – confirmation required on number of referrals to date

- Summary of Breaches of Financial Regulations identified in Annex to include information on Directorates and sums involved
- Digital Services Project Review to confirm whether work is still ongoing on this review
- Add Contracts and Employees to Forward Plan following preparation of a scoping report by Officers

In answer to questions raised, Officers confirmed that all actions in the Access to Key IT Systems would be followed up, including the removal of leavers from CYC systems, as would those identified in the Better Care Fund audit.

Members were reminded that, if they had concerns regarding particular audit reports, they could request a report on the issues for review where necessary.

Resolved: That the Committee note the progress made in delivering the 2016/17 internal audit work programme, and current counter fraud activity.

Reason: To enable members to consider the implications of audit and fraud findings.

#### Action Required

1. Circulate requested information and update Committee Forward Plan.

EA

### **81. Internal Audit Follow Up Report**

Members considered the regular six monthly report which set out progress made by council departments in implementing actions agreed as part of the internal audit work.

Officers confirmed that 105 actions had been followed up since the last report to Committee, of which 83% had been satisfactorily implemented and 6% no longer required.

Members noted that in a further 12 cases (11%) the action had not been implemented by the target date and that of these 2 actions had had their implementation dates revised by more than 6 months, details of which had been included in Annex 1 of the report.

Resolved: That the Committee note the progress made in implementing internal audit agreed actions as

reported in paragraphs 5 – 12, of the report, subject to the provision of additional information relating to any delay in P1 actions and a delay of over 6 months in P2 actions.

Reason: To enable Members to fulfil their role in providing independent assurance on the council's control environment.

## **82. Audit and Governance Committee Forward Plan**

Members considered a report which presented the future plan of reports expected to be presented to the committee during the forthcoming year to February 2018. Members were invited to identify any further items they wished to add to the Forward Plan.

The following requests were put forward:

- The Council's Media and Social Media protocols, to enable the Committee to seek assurances and provide comments
- Draft Annual Governance Statement, due for consideration on 21 June 2017, to include details of the Governance Assessment Service and information on services suppliers

Resolved: That the Committee's Forward Plan for the period up to February 2018 be received and noted.

Reason: To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.

Councillor N Barnes, Chair  
[The meeting started at 5.30 pm and finished at 7.05 pm].