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MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	28 JUNE 2011
PRESENT	COUNCILLORS JEFFRIES (CHAIR), BARNES, BROOKS (VICE-CHAIR), BURTON, CUTHBERTSON AND WATSON
IN ATTENDANCE	COUNCILLOR GUNNELL
APOLOGIES	COUNCILLOR STEWARD

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## 82. DECLARATIONS OF INTEREST

Members were asked to declare any personal or prejudicial interests they may have in the business on the agenda. No interests were declared.

## 83. MINUTES

RESOLVED: That the minutes of the Audit and Governance Committee meeting held on 19 April 2011 be approved and signed by the Chair as a correct record.

### Matters Arising

As requested by Members at the last meeting, the Director of Communities and Neighbourhoods gave an update on the progress that was being made in respect of risk references 1796, 1798 and 1799. In respect of Risk References 1796 and 1798, details were given of the work that was being carried out to ensure that the Council was a fair inclusive and customer-focused organisation. Attention was drawn to the implementation of the Corporate Fairness and Inclusion Strategy, the Corporate Equality Scheme and directorate plans. The policies had been updated to reflect recent changes in legislation.

Members were informed of a mock peer review that had recently taken place to assess whether the Council was on track to attain level “achieving” of the Equality Framework for Local

Government. Feedback suggested that the Council was already at level “achieving” and was on its way to attaining level “excellent”. It was hoped that the Council would achieve excellence in equalities by 2012.

Members asked about the measures that were in place to ensure that vulnerable staff were not bullied, harassed or excluded. Details were given of the Workforce Plan and of policies covering issues such as bullying. A Staff Equality Reference Group was in place. Personal Development Reviews also provided an opportunity to identify any such issues. Details were given of the staff well-being survey that had recently taken place, the results of which would be made available to Members.

Officers stated that it was important that the risk references remained on the register until they were fully embedded throughout the Authority. Members requested that they be kept updated on progress.

#### **84. PUBLIC PARTICIPATION**

It was reported that there were no registrations to speak under the council’s Public Participation Scheme.

#### **85. FORWARD PLAN**

Members considered a paper that detailed the future plan of reports expected to be presented to the committee during the forthcoming year to April 2012. Members were invited to identify further items they wished to add to the plan.

Discussion took place regarding the committee’s training requirements.

- RESOLVED:
- (i) That the committee’s Forward Plan for period up to April 2012 be noted.
  - (ii) That a training session on the Role of the Audit and Governance Committee be held prior to the start of the September meeting.

- (iii) That a training session on “2010/11 Statement of Accounts” be held on Tuesday 19 July 2011 at 5.30pm.

- REASONS:
- (i) To ensure the committee receives regular reports in accordance with the functions of an effective audit committee and can seek assurances on any aspect of the council’s internal control environment in accordance with its roles and responsibilities.
  - (ii) To ensure that the training needs identified by the committee are met.

**86. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT.**

Members received a report that advised on the process and outcomes of the 2010/11 review of the effectiveness of the council’s system of Internal Audit, as part of the review of the overall system of internal control required for the 2010/11 draft Annual Governance Statement.

Officers went through the report and responded to Members’ questions. Attention was drawn to paragraph 24 of the report. This detailed a number of areas for further development, which had been identified as part of last year’s self-assessment. One of the proposals was for the Audit and Governance Committee to conduct a review of its own effectiveness. It was agreed that it would be appropriate for this to be actioned once the new members of the committee had become more established in their role.

Consideration was given to Annex A, which detailed areas of possible non-compliance. Officers went through these in more detail.

Members were pleased to note that, based on the results of the review, the council’s internal audit arrangements were considered to be operating in accordance with accepted professional best practice and remained effective.

- RESOLVED:
- (i) That the results of the review of the

effectiveness of the council's system of internal audit be noted.

- (ii) That an item on a review of the Audit and Governance Committee's own effectiveness be included on the Committee's Forward Plan.

REASON: To enable Members to consider the adequacy and effectiveness of the council's control environment.

## **87. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT.**

Members received a report that summarised the outcome of audit and fraud work undertaken in 2010/11 and provided an opinion on the overall adequacy and effectiveness of the council's internal control arrangements.

Details were given of the successful completion of a pilot project to investigate housing related fraud and of the introduction of new fraud risk assessment arrangements to improve the targeting of counter fraud resources.

Members' attention was drawn to the following significant control issues:

- Bank reconciliation
- Use of purchase orders
- Information security

Members were pleased to note that it had been recognised that there would be significant changes in terms of managing partnership arrangements and that appropriate controls and monitoring arrangements would need to be in place.

Members were pleased to note that Veritau had been successful in seeking Investors in People accreditation.

- RESOLVED:
- (i) That the results of the audit and fraud work undertaken in 2010/11 be noted.
  - (ii) That the opinion of the Head of Internal Audit on the adequacy and effectiveness of the council's internal control environment be noted.

- (iii) That the significant control weaknesses identified during the year which are relevant to the preparation of the Annual Governance Statement be noted.

- REASONS:
- (i) To enable Members to consider the implications of audit and counter fraud findings.
  - (ii) To enable Members to consider the opinion of the Head of Internal Audit.
  - (iii) To enable the Annual Governance Statement to be prepared.

**88. ALTERATIONS TO THE SUBSTITUTES ARRANGEMENTS FOR COMMITTEE MEETINGS.**

Members considered a report that asked for their views on constitutional changes in relation to the use of substitutes for committee meetings.

At the Council's Annual Meeting, the Monitoring Officer had been authorised to make the necessary constitutional changes, subject to the views of the Audit and Governance Committee being sought.

Consideration was given to the proposed Constitutional change, as detailed in paragraph 6 of the report. It was agreed that the word "and" should be deleted from proposed paragraph (c) (i) in order to provide greater clarity.

RESOLVED: That the proposed Constitutional amendment, as detailed in paragraph 6 of the report and subject to the deletion of the word "and", be confirmed.

REASON: To enable progress to be made to implement the resolution of Council.

## 89. MEDIA PROTOCOL

[see also Part B minute]

Members considered a report that proposed a change to the existing Media Protocol to ensure that communication of Council policies and activities was open and transparent and that there was clear accountability for all council decision making. The report had been considered at Cabinet on 21 June 2011 and would be recommended to Council on 30 June 2011 for agreement.

At the request of Members, the Monitoring Officer explained the reasons why the report was being presented to the Audit and Governance Committee for consultation, after having been considered by Cabinet.

Some Members expressed concern that paragraph 7.3 of the protocol stated that press releases would not promote the views of specific political groups, yet the Cabinet was, by its very nature, political. Members also commented on the proposed arrangements in respect of Chairs of Scrutiny Committees. A suggestion was put forward that interviews with the media should be arranged through political groups and not the Communications and Media Team. A request was made that the wording be amended to ensure consistency in whether the first or third person tense was used.

Other Members stated that the protocol improved Members' accountability with the public. The removal of the protocol from the Constitution would also enable it to be responsive to the rapid developments in media and communications.

- RESOLVED:
- (i) That council be recommended to take into account the comments of the Audit and Governance Committee on the Media Protocol, as recorded above.
  - (ii) That it be recommended to Council that Cabinet's recommendation to remove the Media Protocol from the Constitution be endorsed.

- REASONS:
- (i) To ensure greater transparency and accountability.

- (ii) To ensure that future practical amendments can be made to the policy without disproportionate bureaucratic decision-making.

## **PART B -MATTERS REFERRED TO COUNCIL**

### **90. MEDIA PROTOCOL**

[see also Part A minute]

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Other Members stated that the protocol improved Members' accountability with the public. The removal of the protocol from the Constitution would also enable it to be responsive to the rapid developments in media and communications.

**RECOMMEND:** (i) That Council take into account the comments of the Audit & Governance Committee on the Media Protocol, as recorded above.

- (ii) That Council endorse Cabinet's recommendation to remove the Media Protocol from the Constitution.

REASONS:

- (i) To ensure greater transparency and accountability.
- (ii) To ensure that future practical amendments can be made to the policy without disproportionate bureaucratic decision-making.

Councillor Jeffries, Chair

[The meeting started at 5.00 pm and finished at 6.25 pm].