

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 17 MAY 2018

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AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 17 MAY 2018

Present:

Councillor G Morley(in the Chair)

Councillor B Barnes
“ G Butler
“ S J Ellis

Councillor A Garrett
“ D Skinner

Also Present:

D Clarke - Joint Head of Finance and Resources & Section 151 Officer
D Cairns - Governance Officer
J Williams - Internal Audit Consortium Manager
A Bashir - Improvement Officer for Minute Number 664

726 Apologies for Absence

Apologies for absence had been received from Councillors C A Smith and M E Thacker.

727 Declarations of Interest

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and to withdraw from the meeting at the appropriate time.

There were no interests declared at the meeting.

728 Minutes of Last Meeting

RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 12 April 2018 be approved as a correct record and signed by the Chair.

729 Internal Audit Progress Report - May 18

The Committee considered the report of the Internal Audit Consortium Manager detailing progress made by the Internal Audit Team in respect of the 2017/18 Internal Audit Plan. The report included a summary of the Internal Audit report issued since the last meeting of the Committee.

During this period Internal Audit had issued two reports which both concluded that reasonable assurance was provided.

The Committee were advised that the final report for the year under the Internal Audit Plan had just been completed and had reached a substantial assurance conclusion. Details of this report would be provided at the next meeting.

RESOLVED – That the Committee note the Internal Audit Progress Report – May 18.

730 Internal Audit Consortium Annual Report – May 18

The Committee considered the report of the Internal Audit Consortium Manager which presented the Consortium's 2017/18 Annual Report to the Council. The report presented a summary of the Internal Audit work undertaken during the year from which the opinion of the Internal Audit environment was derived. The Consortium had found that the internal controls were operating satisfactorily or well, giving an overall confidence in the internal control system operating in the main financial systems.

No issues had been recommended for inclusion in the Annual Governance Statement arising from the work of Internal Audit in 2017/18.

There were no limited or inadequate assurance level reports issued during the year and no issues relating to fraud had arisen.

During 2017/18 a self-assessment was undertaken by Internal Audit to review compliance with the Public Sector Internal Audit Standards. The review confirmed that there were no significant areas of non-compliance.

It was noted that the Audit Charter would be reviewed during the summer of 2018.

Members noted that the change in classifications of the outcome of the Internal Audit reports from previous years made it difficult to compare the outcomes of this year's Internal Audit reports. However only two reports were identified where the level of assurance appeared to decrease from the previous audit performance. In relation to the sundry debtors report Members were advised that only three recommendations had been made and it was felt that the level of assurance was at a high point within the classification band. Further details on the asset management arrangements report were not available at the meeting due to this having taken place earlier in the year.

The Committee discussed whether universal credit had impacted on any of the Internal Audit reports carried out during the year and were advised that there had been no direct impact so far. The Joint Head of Finance and Resources and Section 151 Officer outlined the actions that the Council had in place to effectively manage the implementation of universal credit including the signposting and referral of customers to voluntary sector organisations for budgeting advice where necessary. It was also discussed that Rykneld Homes Limited were actively managing the issue.

RESOLVED: That the Internal Audit Consortium Annual Report for 2017/18 be noted.

731 Corporate Plan Targets Performance Update – Jan to March 2018 (Q4 – 2017/18)

The Committee considered the Corporate Plan Targets Performance Update report which contained the performance outturn as of 31st March 2018. Out of the 56 targets, 37 were on track, 12 had been achieved (2 in this period and 10 previously), 5 had been flagged as alert and 2 previously withdrawn.

Members discussed the 2 targets that had been flagged as an alert, target G12 (Through a programme of targeted refurbishment bring 20 empty properties per year back into use by March 2019) and G14 (Through the Private Rented Sector Leasing Scheme deliver 5 additional units of affordable housing each year). Members were advised that a landlord event had taken place on the day prior to the meeting and a further update on progress on the performance within this area was requested for the next meeting.

RESOLVED –

(1) That the Housing Strategy and Growth Manager be requested to attend the next meeting of the Committee to provide a further update on progress against the Corporate Plan Targets G12 and G14.

(2) That progress against the Corporate Plan 2015-2019 targets be noted.

732 Annual Governance Statement

The Audit and Corporate Governance Scrutiny Committee considered the Annual Governance Statement 2017/18. The purpose of the report was to seek the agreement of the Committee to the conclusions and content of the Annual Governance Statement which was proposed to be incorporated within the Council's Statement of Accounts 2017/18.

Preparation of the Statement had been undertaken in line with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework which set out the fundamental principles of Corporate Governance which needed to be addressed within the Annual Governance Statement.

The Committee noted that as there had been no limited or inadequate assurance reports concluded by Internal Audit that there were no matters arising from Internal Audit to include in the Annual Governance Statement. The issues that were identified as significant governance issues related to the Medium Term Financial Plan and the need to secure a balanced budget over the period and also the potential risk of the failure of the Local Plan to progress to submission stage and to be found sound at independent examination. Actions to address both issues were identified within the report.

The Committee were advised that an outturn report for the 2017/18 financial year was due to be submitted to Cabinet in June which identified a number of variances in the budget including additional income from the business rates pool and savings through vacancy management.

The Committee discussed the ongoing uncertainty surrounding business rates and appeals that were ongoing. The Joint Head of Finance and Resources and Section 151 Officer advised the Committee that independent valuation of the ongoing claims was undertaken on behalf of the Council so that provision could be made within the accounts for this risk, however it was noted that there continued to be national issues such as the rating of hospitals which could impact on the Derbyshire Business Rates Retention Pilot.

The Committee were advised that the new business rates system made appeals more complex and also that the Valuation Office was undertaking more thorough assessments on initial applications in an attempt to cut down on future appeals.

Members agreed that the Annual Governance Statement for 2017/18 was robust.

RESOLVED:-

- (1) That the Committee approve the draft Annual Governance Statement as set out at Appendix 1 to the report.
- (2) That the Local Code of Corporate Governance as set out in Appendix 2 to the report be approved.
- (3) That having reviewed the effectiveness of the governance framework, the Committee were satisfied that the Council's governance and internal control arrangements are fit for purpose.

733 Risk Management Update

The Committee considered the report of the Joint Head of Finance and Resources and Section 151 Officer concerning the Strategic Risk Register.

The Committee were advised that two additional issues had been added to the risk register. These were 'failure to have appropriate measures in place to safeguard children and vulnerable adults' and 'failure of the local plan to progress to submission stage and to be found sound at independent examination'. The Risk Register set out a summary of the consequences of such risks, their likelihood and impact and also the migration measures that the Council had in place to reduce these risks.

The Committee noted that there continued to be much uncertainty on a significant number of issues relating to the exit of the United Kingdom from the European Union. This was identified in the first entry in the Strategic Risk Register.

Regarding the measures in place to safeguard children and vulnerable adults a query was raised in relation to Rykneld Homes and the use of contractors. The Joint Head of Finance and Resources and Section 151 Officer advised the Committee that Rykneld Homes had in place robust safeguarding policies and measures and believed that staff and contractors would have received safeguarding training. The Member was encouraged to raise the specific concern with Rykneld Homes directly to clarify the matter. All Members were reminded again to report any concerns regarding safeguarding through the appropriate channels.

RESOLVED – That the report be noted.

734 Urgent Business – Public Session

There was no urgent business to be considered in the public session of this meeting.

A&CG Mins (0517) 2018