

Governance Committee

Thursday, 13 March 2014

Present: Councillor Paul Leadbetter (Chair), Councillor Alison Hansford (Vice-Chair) and Councillors Julia Berry, Anthony Gee, Marie Gray, June Molyneaux and Alan Platt

Also in attendance

External representatives: Fiona Blatcher (Grant Thornton UK LLP)

Officer: Gary Hall (Chief Executive), Chris Moister (Head of Governance), Garry Barclay (Head of Shared Assurance Services), Dawn Highton (Principal Auditor), Dianne Scambler (Democratic and Member Services Officer) and Victoria Willett (Policy and Partnerships Officer)

14.G.11 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Graham Dunn, Peter Ripley – Independent Person and Gareth Winstanley, Grant Thornton Plc.

14.G.12 MINUTES

14.G.5 – Audit Commission Report – Protecting the Public Purse

The Monitoring Officer reported that he had met with the Chair, in order to review the policies and process relating to the Audit Commissions report. A detailed report would be brought to Committee in September as this would form part the work associated with the National Fraud Initiative. It was also intended to provide annual fraud awareness training to all Members of the Council.

RESOLVED – That the minutes of the Governance Committee meeting held on 16 January 2014 be held as a correct record for signing by the Chair.

14.G.13 DECLARATIONS OF ANY INTERESTS

There were no declarations of any interest.

14.G.14 GOVERNANCE COMMITTEE UPDATE

The Committee received a report that showed the progress made by our External Auditors in delivering their responsibilities. The report also provided a summary of emerging national issues and developments that may be relevant to the Council and included a number of challenge questions in relation to these issues that the Committee may wished to consider.

The draft audit plan was still expected to be issued by the end of March and would be presented to the next meeting of the Committee. It was reported that three in ten councils are exhibiting some form of financial stress and whilst this did not currently appertain to this authority the Council was well aware that they needed to be aware of any tipping point under the current climate changes.

One of the main focuses for review in 2014/15 would be the Council's decision to buy Market Walk. In order to make a conclusion on its value for money, they would look at the decision making processes in more detail, how the facility will be managed, details of the financial modelling, net profit figures, process and risk management.

RESOLVED – that the report be noted.

14.G.15 NEW PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Head of Shared Assurance Services submitted a report that appraised Members of new requirements for Internal Audit that had been set out in recently published Public Sector Internal Audit Standards.

Members noted that the Internal Audit Service had already adopted some of the practices and requirements that were set out in the new Standards; however the implementation of the following would ensure full compliance:

- Approval by the Governance Committee of an Internal Audit Service Charter
- The Chair of Governance Committee to provide feedback on the performance of the Head of Shared Assurance Services as part of his annual appraisal;
- Arrange an independent external assessment of the Internal Audits Services' compliance with the new Public Sector Internal Audit Standards at least once every five years;
- Future Annual Audit Reports to contain a statement to verify compliance with Public Sector Internal Audit Standards;
- Internal Audit reports will confirm that reviews are conducted in conformance with Public Sector Internal Audit Standards.

The Internal Service Charter had been drafted based on a prescribed template and was included within the report and a table listing all the requirements and actions either currently being taken or to be taken was attached for Members information.

RESOLVED

- 1. That the report be noted.**
- 2. That the Internal Audit Service Charter be adopted by the Council, to be signed by the Chair of Governance Committee and Head of Shared Assurance Services.**

14.G.16 INTERNAL AUDIT PLAN 2014-15

The Committee received a report of the Head of Shared Assurance Services reminding them of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council. The report also sought approval of the Internal Audit Plan for 2014/15 and gave an explanation of the revised controls assurance rating system.

The plan had been constructed following a risk assessment which considers a range of risk factors, such as items in the Corporate Risk Register, significant changes in staffing, systems and procedures and the length of time since an area was last audited. Consultation also takes places within each service and with Strategy Group who takes an overview of audit requirements.

Every audit that is undertaken is allocated with rating, limited, adequate or substantial, to show the degree of assurance that is able to be given to management regarding the levels of internal control present in each system that is reviewed.

The Internal Audi Service has been mindful for some time that this does not put each system into context to show its relative risk to the overall effective governance of the organisation as some systems are more important than others. In 2014/15, each audit will be allocated with a control assurance rating from a scoring matrix which will reflect the impact that it would have on the organisation in financial and/or reputational terms if it were to fail.

RESOLVED – That the report be noted.

14.G.17 STRATEGIC RISK UPDATE REPORT

The Chief Executive presented a report providing Members with an update of the Strategic Risk Register which included 14 strategic risks to the Council, including actions in progress as well as any new action planned to further mitigate identified risks.

The Strategic Risk Register is a live document and is constantly being updated to reflect the changing political, economic and financial environment to ensure that any emerging strategic risk factors that are a threat to the Council are identified.

Most of the risk categories remained at the same level given the current funding situation and impact on resource, with six areas identified as 'high risk'. One new risk had been added to the register to reflect the need to manage large investments effectively and the risk relating to the ability to resources Council priorities in light of public sector funding cuts had been increased to reflect impact on business.

Members were informed that whilst R2: Reduction in staff satisfaction and morale with the Council including increase in sickness absence was rate as medium, the latest figures showed that sickness absence was reducing compared to last year.

R11: Failure to realise the benefits of new technology and related impact on driving organisational change had reduce to a low rating. This was mainly due to the delivery of staff training across the authority. Although business continuity arrangements, that incorporated IT security and backup systems being in place was still ongoing and arrangements were reported within the Annual Governance Statement.

Members discussed some of the arrangements in place to mitigate R5: External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform. The presence of the Credit Union within the Town was a key service to reduce the impact of welfare reform. The Housing Services team have reported big increases in the requests for help for housing following the recently introduced bedroom tax and there has been a significant increase in referrals for the food bank. The Council are helping, by offering a Bonds scheme for rentals and the funding of a discretionary housing pot to enable people to stay in their homes.

Although R3: Reduction in satisfaction with the Council was still rated as high, it was explained that generally satisfaction was considered good across the many services of the authority. There were some outstanding issues that were being addressed and there will always be some people who are dis-satisfied for differing reasons and that some dis-satisfaction is around services that this Council does not deliver.

RESOLVED – That the report be noted.

14.G.18 STANDARDS CASES REVIEW

The Monitoring Officer reported that there were no new cases to report. A Standards Hearing was to be undertaken to determine a complaint that had been received by the Council.

RESOLVED – That the report be noted.

14.G.19 RIPA APPLICATION UPDATE

The Monitoring Officer reported that there had been no RIPA applications made. The Council had been inspected recently and they had been satisfied with our procedures,

including our CCTV processes. A report would be brought to a subsequent meeting of the Committee.

RESOLVED – That the report be noted.

14.G.20 WHISTLE BLOWING COMMISSION - CODE OF PRACTICE

The Whistle Blowing Commission had recently brought out a Code of Practice. Whilst not legislative, the new Code made 15 recommendations of good practice and the Council had decided to review their policy in line with the suggestions.

RESOLVED

- 1. That Whistle Blowing Commission leaflet on the Code of Practice be circulated to Members of the Governance Committee.**
- 2. That the Council's reviewed Whistle Blowing policy be brought to a future meeting of the Committee.**

Chair