

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in Chamber Suite 1, The Arc, Clowne, on Tuesday 21st May 2013 at 1400 hours.

PRESENT:-

Members: - Councillors J.A. Clifton, S.W. Fritchley, D. McGregor, K. Reid and A.F. Tomlinson.

Cooptees: - J. Yates.

Officers:- W. Lumley (Chief Executive Officer)(from during Minute No. 0019), B. Mason (Director of Corporate Resources), K. Hopkinson (Joint Director of Development), S. Tomlinson (Joint Director of Neighbourhoods), W. Carter (Facilities Planning & Development Manager), J. Williams (Deputy Head of Internal Audit Consortium) and A. Bluff (Democratic Services Officer).

Also in attendance in the public gallery was Councillor G.O. Webster.

J. Yates in the Chair

0014. APOLOGIES

Apologies for absence were submitted on behalf of Councillor E. Watts, P. Hackett (Joint Director of Health and Wellbeing), L. Hickin (Joint Assistant Director of Leisure), J.M. Hill (Cooptee), S. Sunderland (Audit Team Lead, KPMG) and P. Hutchins (KPMG).

0015. URGENT ITEMS

There were no urgent items of business to consider.

0016. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0017. MINUTES – 12TH MARCH 2013

Moved by Councillor A.F. Tomlinson, seconded by Councillor D. McGregor
RESOLVED that the minutes of an Audit Committee meeting held on 12th March 2013 be approved as a correct record.

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0018. INTERNAL AUDIT CONSORTIUM – SUMMARY OF PROGRESS ON THE INTERNAL AUDIT PLAN 2012/13

Committee considered a report which informed Members of progress made during the period 23rd February 2013 to 3rd May 2013, in relation to the 2012/13 Internal Audit Plan.

Eight reports had been issued during the above period. An appendix attached to the report gave a summary of the overall audit opinion of each report and the number of recommendations made and accepted where a full response had been received.

In respect of the audits covered in the report, it was confirmed that there were no issues arising relating to fraud that needed to be brought to Committee's attention. Work in progress relating to other audits in the 2012/13 Plan was also covered in the report.

In respect of the audit for Gas Servicing, the overall opinion was Unsatisfactory and although good progress had been made in improving systems and management arrangements, the audit identified that 24% of properties had not had their gas service completed. It was questioned that tenants were given only 10 days' prior notice of a service date.

The Head of Housing had developed a plan to address the issues. The Housing Service had already requested a further audit to ensure outstanding issues had been resolved which would be undertaken in July 2013.

The Interim Head of the Internal Audit Consortium advised the meeting that internal Audit were now working on the 2013/14 Audit Plan.

Moved by Councillor J. Yates and seconded by Councillor A. F. Tomlinson
RESOLVED that the report be noted.

0019. UPDATE FROM DIRECTORS CONCERNING INTERNAL AUDIT RECOMMENDATIONS

At the Audit Committee meeting held on 12th March 2013, Members had resolved that all Directors be requested to attend the next Audit Committee meeting at which stage all reports in respect of internal audit recommendations for 2012/13 would be available and Directors could give a more comprehensive overview of progress secured in respect of those audit reports where the overall assessment had been one of marginal or below.

A 'marginal' assessment was reached where a number of areas had been identified for improvement. It was noted, however, that such an assessment did not imply that systems were fundamentally unsound or unsafe and the Council had not had any areas categorised as 'unsound', which was the most critical assessment.

Members expressed disappointment that not all Directors were in attendance at the meeting given they had been specifically asked to attend. The Committee was advised that the Director of Corporate Resources would be reporting on behalf of the Chief

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Executive Officer and the Facilities Planning and Development Manager would be reporting on behalf of the Director of Health and Well-Being.

The Director of Corporate Resources presented a summary report in respect of internal audit recommendations made in respect of those areas where the audit report had assessed internal as being marginal or below. Three appendices were attached to the report;

Appendix 1 set out the position concerning the reports, which were judged to be either unsatisfactory or marginal in respect of 2011/12, and also provided an update on progress made in respect of each of the areas.

Appendix 2 set out the position in respect of audits undertaken to date in the current financial year 2012/13 and Appendix 3 provided a further more detailed summary of audit reports which had been considered marginal for 2012/13.

Comparisons for 2011/12 and 2012/13 were included in the report and it was noted that the number of 'unsatisfactory' assessments had reduced to one in 2012/13 which would indicate a small underlying improvement and that progress was being made in securing improvements in the Council's internal control arrangements.

Appendix 3 indicated that recommendations, in the majority of cases, had been addressed, or were work in progress. This also suggested that the majority of these areas should record a satisfactory rather than a marginal outcome at the time of the next audit review.

It was crucial that the trend of improvement was maintained and that the Council was able to eliminate unsatisfactory assessments in critical areas of its operations and that it was able to reduce the number of marginal assessments significantly.

The Council needed to undertake a co-ordinated drive to improve its internal control arrangements during the coming financial year and given that the Audit Committee was responsible for the financial governance arrangements of the Council it would be appropriate that it gave further consideration as to what steps were necessary to improve the Council's arrangements for Internal Control.

The following areas had been considered marginal or unsatisfactory:

Laptops and removable media, where there were 4 recommendations: 3 medium and 1 high priority

The issues were around improving data security.

Recommendations 2, 3 and 4 had been completed. Recommendation 1 (medium) was work in progress and related to ICT policies at BDC and NEDDC being reviewed and consolidated to provide a consistent and common basis for the guidance of Members and staff for all aspects of the ICT service provision, including the secure usage and maintenance of laptop and removable media devices.

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A completion date of September 2013 was provided in respect of the outstanding actions, however, that date would be reviewed in light of the Council's priorities in respect of ICT.

Creswell Leisure Centre, where there were 6 recommendations: 4 high and 2 medium priority

Actions had been completed for all six recommendations.

The Facilities Planning & Development Manager answered Members questions and gave explanation of the issues raised in the report.

Stores, where there were 6 recommendations: 3 medium and 3 high priority

Actions had been completed for recommendations 2 to 6. Recommendation 1 (medium) was work in progress and related to completion of a lease of premises for Travis Perkins. The Joint Director of Neighbourhoods advised the meeting that he would follow up the outstanding issue with regard to this.

Section 106 Agreements, where there were 6 recommendations: 4 high and 2 medium priority

Actions had been completed for recommendations 1, 2, 4, 5 and 6. Recommendation 3 (medium) was work in progress due to a revised policy on planning obligations is to be included within the new Local Plan (Strategy), which would go out for public consultation later in 2013. While underlying work had been completed, the action itself would only be completed when the Local Plan was adopted.

Corporate Targets, where there were 4 recommendations: 3 high and 1 medium priority

Actions had been completed for all four recommendations and further work will be undertaken to remind officers in service departments of the importance of ensuring that data submissions are appropriately completed.

Vehicles, fuel and security at Riverside Depot, where there were 5 recommendations: 3 high and 2 medium priority

Actions for recommendations 1, 2, 4 and 5 had been completed. Recommendation 3 (high) was work in progress and related to operatives drivers' licences being checked on an annual basis.

The Joint Director of Neighbourhoods advised the meeting that there was a resource issue in relation to this recommendation in that all drivers were being asked to present their licence on at least an annual basis. This would involve a lot of work with no suitably trained staff to check 250 drivers' licences.

Members asked questions and a lengthy discussion took place.

Members requested an update be provided at the next Audit Committee meeting to be held in June 2013.

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Rechargeable Works, where there were 5 recommendations: 2 medium, 1 high and 2 low priority

Recommendation 5 had been completed. Recommendations 1 to 4 were all work in progress.

The Joint Director of Neighbourhoods advised the meeting that a report would be presented to Executive regarding the draft rechargeable repairs policy.

Housing repairs where there were 6 recommendations: 2 medium, 3 high and 1 low priority

Actions for recommendations 1, 2 and 4 had been completed. Recommendations 3 and 5 were work in progress. Recommendation 6 was still being discussed with Internal Audit.

The Joint Director of Neighbourhoods advised the meeting that the issues in the report in relation to housing repairs would be addressed.

The Joint Director of Neighbourhoods referred the meeting back to the Gas Servicing issue raised earlier in the report. He advised the meeting that a new process had been devised and twenty eight days notice would now be given to tenants regarding their gas service.

The Audit team had been asked to look at the new process to see if they were satisfied that it was acceptable. The Joint Director of Neighbourhoods assured Members that this was being dealt with as a high priority.

The Chief Executive Officer entered the meeting at this point.

A lengthy discussion took place.

Members raised concern at the length of time taken to resolve the issue given its seriousness and requested a clear and concise time table of when the new process would be in place and that this be presented to the next Audit Committee meeting in June.

Partnerships, where there were 4 recommendations: 1 low, 3 high priority

Recommendations 1, 3 and 4 were work in progress. With regard to recommendation 2, the Director of Corporate Resources advised the meeting of a clerical error on the report and that the action had been completed and the wording 'works in progress' should have been removed from the report.

The Director of Corporate Resources advised that a report would be presented to Executive on how the Authority managed its partnerships.

Moved by Councillor D. McGregor, seconded by Councillor S.W. Fritchley
RESOLVED that (1) in relation to recommendation 3 under Vehicles, fuel and security

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at Riverside Depot, an update including details of a revised system for the checking of all drivers licences be presented by the Director of Neighbourhoods to the next Audit Committee meeting in June 2013.

Moved by Councillor D. McGregor, seconded by Councillor J. Clifton

RESOLVED that (2) in relation to Gas Servicing for tenants, a clear and concise time table of when the new process would be in place be presented by the Director of Neighbourhoods to the next Audit Committee meeting in June 2013.

Moved by Councillor J. Clifton, seconded by Councillor D. McGregor

RESOLVED that (3) further reports be brought back to future meetings of Audit Committee detailing progress in addressing the full range of internal control weaknesses that had been identified by the work programme of Internal Audit.

(Directors)

0020. ANNUAL GOVERNANCE STATEMENT 2012/13

The Director of Corporate Resources presented a report to seek Committee's agreement on the conclusions and content of the draft Annual Governance Statement which it was proposed to attach to the Council's Statement of Accounts for 2012/13.

The final version of the Annual Governance Statement would be presented to the next Audit Committee meeting on 24th June 2013, when Committee would be required to formally approve the Statement.

The Council had been required to include an Annual Governance Statement as part of its Statement of Accounts from the 2007/08 Financial Year.

Preparation of the Annual Governance Statement had been undertaken in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE) framework, which set out the fundamental principle of corporate governance that needed to be addressed within the Statement.

One of the key purposes of the Annual Governance Statement was an annual self assessment process to assess the extent to which the key principles were in place within the Authority and were adhered to in practice.

As part of the process it was considered appropriate to review the Council's Code of Corporate Governance. This review had been conducted in the light of developments over the past year and in particular the guidance issued by CIPFA / SOLACE at the end of 2012. The proposed revised Code was attached to the report at Appendix 2 and subject to any comments or amendments by Committee it would then be recommended to Council for approval.

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Committee would need to take into account a number of factors in making a decision regarding the appropriateness of the draft Statement and these were set out in the report. The Director of Corporate Resources took Committee through each of the factors.

A short discussion took place.

Members agreed that the whilst in need of further improvement the Council's governance arrangements continued to be fit for purpose.

Moved by Councillor D. McGregor, seconded by Councillor J.A. Clifton
RESOLVED that (1) the draft Annual Governance Statement be noted,

(2) having reviewed the effectiveness of the Governance Framework Audit Committee were satisfied that the Council's governance arrangements, whilst in need of further improvement, continued to be fit for purpose,

RECOMMENDED that (1) the Revised Code of Corporate Governance as set out in Appendix 1 to the report be presented to Council for approval.

(Director of Corporate Resources/Governance Manager)

Councillor McGregor left the meeting at this point.

0021. KEY ISSUES OF FINANCIAL GOVERNANCE

The Committee considered a report relating to progress on the implementation of previous recommendations on major issues raised by both External and Internal Audit and also an evaluation of the overall progress of the Council's financial governance arrangements.

The report set out four issues which were detailed in a table attached to the report and had previously been agreed by Audit Committee to constitute the Strategic Issues of Financial Government for the Council.

In addition to these Strategic Issues, the External Auditor reports had raised a number of issues of detail and progress against these detailed recommendations and these were tracked in Appendices 1 and 2 attached to the report.

The two appendices set out the detailed recommendations which were made by the Council's External Auditors in their Annual Governance Letter of September 2012, the Annual Audit Letter of October 2012 and the Interim Governance Report of June 2012. Issues within the Interim Governance Report and the Annual Governance Report would be marked as completed within the appendices as they were resolved.

With regard to the Strategic Issues, the table in the report provided an outline of the issue and an update of the current position. The Director of Corporate Resources and other Members of Strategic Alliance Management Team were responsible for

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addressing the Strategic Issues with resolution of the issues being dependent on the support of Members.

Audit Committee were responsible for monitoring and evaluating progress and where appropriate securing further action from officers.

Moved by Councillor K. Reid, seconded by Councillor J. Clifton

RESOLVED that (1) the Strategic Issues of Financial Governance as set out in the table contained within the report be noted,

(2) the more detailed issues raised by External Audit as set out within the Appendices to the report be noted.

0022. STRATEGIC RISK REGISTER

The Director of Corporate Resources presented a report in relation to the Council's Strategic Risk Register.

The Council's Strategic Risk Register had been developed by the Risk Management Group to take into account the issues raised within the Master Risk Register which outlined the service or operational risks faced by the Council. The Risk Management Group had also given separate consideration to the Strategic Risks which faced the Authority.

The revised Strategic Risk Register as at 31st March 2013 was set out in Appendix 1 attached to the report and was structured so that those risks with the highest risk score were detailed first.

At its meeting on 1st May 2013, the Risk Management Group agreed that it was now timely to refresh the Council's Risk Strategy and it was planned that this piece of work would be complete, including the comments of the Audit Committee, by the time of the next quarterly report to Executive concerning the Strategic Risk Register. Once Executive had approved the revised Risk Strategy then it would be used as the basis for a training and awareness programme amongst staff and Elected Members. As an interim awareness raising measure, the Risk Management Group indicated that it would be appropriate to forward the Strategic Risk Register as recommended within this report to the Budget Scrutiny Committee for its consideration also.

A question was raised in relation to risk regarding further partnership arrangements and if this was including in the Register. The Director of Corporate Resources replied that the Register did touch upon the roll of partnership arrangements of potential delivery and added that this would be looked at further.

Moved by Councillor K. Reid, seconded by Councillor S.W. Fritchley

RESOLVED that the report be accepted.

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0023. AUDIT COMMITTEE – SELF ASSESSMENT

CIPFA / SOLACE had published their guidance concerning 'Delivering Good Governance in Local Government', at the end of the 2012 calendar year. The guidance had been used in developing the Annual Governance Statement as reported at Minute 0020 above.

The publication contained a significant amount of discussion concerning the role of the Audit Committee in ensuring good governance in local authorities and this information was now presented to Committee to enable it to benchmark itself against good practice and to allow it to assess its contribution to the overall Governance arrangements within the Authority.

To assist Committee, the Director of Resources had, where appropriate, provided comments in response to the issues raised by CIPFA / SOLACE but it was for Committee to take a view as to the appropriateness of the comments and to consider the issues where no comments had been made. These were set out at Appendix 1 attached to the report.

A discussion took place.

Members agreed that a training exercise in relation to the assessment be carried out at the September meeting of Audit Committee.

The Director of Resources advised the meeting that the Council had acquired a corporate licence to make the content of the Good Governance Guidance available to both Members and Officers and an electronic copy of the guidance was available on request.

Moved by Councillor J. A. Clifton, seconded by Councillor S.W. Fritchley

RESOLVED that (1) the guidance contained in the CIPFA / SOLACE publication "Delivering Good Governance in Local Government" be utilised to undertake a self assessment of the Committee's effectiveness in promoting good governance,

(2) that a further self assessment exercise with respect to Risk Management and Value for Money arrangements be presented to the next meeting,

(3) a training exercise in relation to the assessment be carried out at the September meeting.

(Director of Corporate Resources)

The meeting concluded at 1545 hours.