



**MINUTES of  
AUDIT COMMITTEE  
30 MARCH 2017**

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**PRESENT**

Chairman	Councillor B E Harker
Councillors	M F L Durham, A S Fluker, M S Heard, R Pratt, A K M St. Joseph and Mrs M E Thompson
In attendance	Councillors H M Bass, R G Boyce MBE CC and S J Savage

**1128. CHAIRMAN'S NOTICES**

The Chairman drew attention to the list of notices published on the back of the agenda.

**1129. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Mrs H E Elliott and Debbie Hanson of Ernst & Young.

**1130. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 2 February 2017 be approved and confirmed.

**1131. DISCLOSURE OF INTEREST**

Councillor M S Heard declared a non-pecuniary interest in Agenda Item 8 – Committee Structure Review - as he was Chairman of one of the Committees referred to in the report.

**1132. QUARTERLY REVIEW OF CORPORATE RISK**

The Committee considered the report of the Interim Director of Resources providing an update on the position at the end of Quarter Three (31 December 2016) on the corporate risks included within the Corporate Risk Register 2016/17.

The report detailed the risks of the Corporate Risk Register and the risk scores as at 31 December 2016.

Councillor H M Bass arrived at this point in the meeting.

Members discussed the report and a number of points were raised by the Committee:

- Risk 02 – Failure to target services and influence partners effectively to meet the health and wellbeing needs of the vulnerable population – concern was raised about the problems experienced in engaging with outside agencies. Members were of the opinion that the risk score should be higher and that it also impacted on Risk 03 – Failure to target services and influence partners effectively to support the increasing ageing population (re: housing needs). The Interim Director of Resources confirmed that the Officer would take these comments back to the Director of Customers and Community and that it would be reviewed in light of the comments received.
- Risk 04 – Changes to police resources/priorities impacts resident perception of crime – There was no reference to a recent meeting with the Police and Crime Commissioner wherein he was responding to over 700 signatures of concerned residents. A question was asked whether the impending police station move would result in less visibility of police and potentially less access to the police. Would residents' perception of crime alter the score? In response, the Officer advised Members that the Corporate Leadership Team (CLT) had reviewed the Corporate Risk Register and had considered that this was not a risk to be carried over for next year, due to the action plan that had recently been put in place with the Community Safety Partnership and the Police and Crime Commissioner. There were a number of projects within the plan to tackle local issues such as street racing and rural crime. The Officer would feedback Members' comments regarding the residents' concerns to CLT.
- Risk 08 – Failure to effectively implement and embed the new waste contract – the report recommended that this risk be removed as the Contract was now embedded and services were being provided by the Contractor in line with the Contract.
- Risk 09 – Being designated as an under-performing authority due to major planning applications and appeals performance – Members were concerned that the current high number of vacancies in the Planning Department would be a risk. However, the Officer confirmed that the risk of under-performing related to the decisions on Appeals for major applications and the speed of determination for major applications. From 2018 the designation was changing to include the speed of application for both major and non-major development. The Interim Director of Resources assured Members that the staffing situation was being addressed and mitigation regarding staffing should prevent the score from worsening, or should reduce the score in future.
- Risk 10 – Failure to adapt policy to meet the affordable housing need – Members proposed that this risk be reconsidered as they were of the opinion that it should be increased. The Officer confirmed that she would take this back to the Strategic Housing Manager with a request that he review the score in light of Members' concerns.

The Chairman asked how results of feedback to Risk Owners would be communicated to this Committee and the Officer confirmed that the risk owners would shortly be updating the risks for Quarter Four and the report relating to Quarter Four would be submitted to the next meeting of the Audit Committee in June 2017. However, if Members required, the results could be circulated prior to the next meeting.

- Risk 11 – Failure of the Council to influence partners, to support and encourage economic prosperity – it was suggested that this risk score be increased in light of the results of the Corporate Peer Review. However, not all Members had seen the results of that review. The Interim Director of Resources advised that this comment would be reported back to the Chief Executive through the Minutes.
- Risk 13 – Inability to maintain key services in exceptional circumstances (business continuity) – there was concern that there had been issues with the Council’s ability to communicate with Members through the “Good” system for a number of weeks and that should a serious incident occur, there was no way for the Council to communicate with Members by email. It was suggested that a back-up system was necessary. The Interim Director of Resources confirmed that comments would be fed back to the IT Manager and that the problems were being worked on and it was hoped that they would be resolved soon. The Committee agreed with the recommendation that Risk 13 be removed from the Corporate Risk Register.
- Risk 16 – Lack of resilience or inability to recruit and retain staff within identified skill shortage service areas – A request was made that the comments column of this item included the number of vacancies.
- Risk 18 - Lack of a corporate policy database which is managed and reviewed – Members were concerned about the lack of progress on this. The Officer confirmed that all Managers have been advised of the current position regarding corporate policies and where policies need to be reviewed/updated and Managers should be putting actions in their 2017/18 business plans in this respect. Managers had been reminded of the importance of this work and once the required information had been provided a database would be developed.

**RESOLVED:**

- (i) That Risk 8 “Failure to effectively implement and embed the new waste contract” be removed from the Corporate Risk Register given that the current risk score was below the Council’s tolerance line;
- (ii) That Risk 13 “Inability to maintain key services in exceptional circumstances (business continuity)” be removed from the Corporate Risk Register given that the current risk score was below the Council’s tolerance line.

### **1133. INTERNAL AUDIT UPDATE**

The Committee received the report of the Interim Director of Resources providing an update on progress to date of the following aspects of Internal Audit:

- Work completed and any deviances to, or slippage, on the Internal Audit Plan 2016/17;
- Implementation of recommendations raised by Internal Audit;
- The revised Strategic Internal Audit Plan 2017 – 2020.

Mr Andrew Barnes of BDO, the Council’s Internal Auditors, introduced the report to the Committee and drew attention to the recommendations set out in 2.(i), (ii) and (iii) therein.

In respect of work completed (Appendix A to the report), Mr Barnes confirmed that four pieces of work had now been completed and made the following comments:

- **Data Protection** – a change in legislation was imminent and the Council must ensure compliance when these changes were implemented.
- **Information Governance and Payment Card Industry (PCI) Data Security Standards (DSS)** – some improvements were needed and self-assessment questionnaires were to be prepared and submitted.
- **Payment and Creditors** – responsibility for managing payment cards should be allocated to a suitable senior officer and a consistent approach was required regarding card payment requirements.
- **Income and Debtors** – whilst there was some good practice, some areas did require improvement.

Regarding the implementation of recommendations raised by Internal Audit (Appendix B to the report), Mr Barnes advised that:

- of the recommendations in progress, two items were still to be reviewed;
- a report on the Management Survey which was undertaken in December 2016 was due to CLT and he would ensure that this was delivered;
- the IT disaster recovery plan was not yet available, but should be completed soon.

Mr Barnes then provided the Committee with an update on the draft Internal Audit Plan and confirmed that there had been discussions with CLT and that Members' comments had been taken in to account. The plans for both 2018/19 and 2019/20 would be revisited during the next municipal year to see if they were still relevant or required amendment.

**RESOLVED:**

- (i) that the progress against the 2016/17 Internal Audit Plan be noted;
- (ii) that the Internal Audit Follow-up of recommendations be noted; and
- (iii) that the Strategic Internal Audit Plan 2017 be approved.

#### **1134. COMMITTEE STRUCTURE REVIEW**

Mr Adam Leeder from BDO presented the report of the Chief Executive on the Committee Structure Review undertaken by BDO which was attached at Appendix 2 to the report. Whilst there was good work already taking place within the Council, in particular the introduction of a forward plan, there were still opportunities to change the way things are done, in particular in relation to bigger strategic issues.

It was noted that, in relation to similar Councils, the amount of time spent in meetings was high. There was also some duplication across Committees in relation to strategic items. Furthermore, feedback had suggested that the balance of handling cross-

committee business required some work. Mr Leeder also advised that Overview and Scrutiny was a useful committee and should be used more on outside issues.

The Committee debated this report in some detail and the following points were raised:

- A high number of planning decisions were made by Committees and indications were that where officer recommendation was not followed there was a slightly higher risk of losing on appeal;
- The time invested in preparing papers etc. for Committees may be better spent on strategic challenges that the Council faces;
- The report suggested that the Overview and Scrutiny Committee expands its external work. The word “focus” relating to internal work was misleading, as some external work was already undertaken;
- Members were concerned that the report highlighted problems without providing a solution for them. Mr Leader responded that BDO did not want to dictate solutions to the Council, but assist with suggestions for improvements;
- There was a discussion about cross-cutting issues and the report suggested that cross-cutting be added on to the Finance and Corporate Services Committee. However, it would be for Council to decide whether this was the right way forward.

Councillor H M Bass left the meeting at this point.

Mr Leeder drew Members’ attention to the six Review Options contained in Appendix 2 to the report. Members considered that recommendation 2 implied that political decisions were being made on planning applications whereas this was not the case. The wording would be changed to read “Reduce the quantum of planning applications requiring decision by members and, once recent reforms have taken effect, formally review whether the Council still requires its three Area Planning Committees”.

The Committee considered that whilst there were pros and cons of having a single Planning Committee as opposed to the current system of three area planning committees, until current inconsistencies on both delegated decisions and officer recommendations could be addressed, then the present system should remain.

The Interim Director of Resources advised that the report to Council on 5 April 2017 had a change to recommendation (ii) as follows:

- “(ii) that the Council appoints a task and finish working group, comprising the Leader and Deputy Leader and 2 Members from each of the programme committees to consider the conclusions of the review and report back to the Council with a response to each of the recommendations.”

The Committee discussed the revised recommendation and advised the Interim Director of Resources that they supported recommendation (ii) as it was and not the revised version.

## **RECOMMENDED**

- (i) that the report of BDO on the Committee Structure Review attached at **APPENDIX 1** to these Minutes be considered and noted;
- (ii) that the Corporate Governance Working Group be engaged to consider the conclusions of the review and report back to the Council with a suggested response to each of the recommendations.

### **1135. EXTERNAL AUDIT UPDATE**

Ms Julie Kriek of Ernst & Young LLP (EY), the Council's External Auditors, presented the report of the Interim Director of Resources to the Committee, the purpose of which was to inform the Committee of the External Audit Plan (Appendix 1 to the report) produced by EY, which set out their proposed audit approach and scope for the 2016 / 17 audit and to inform Members of the Committee regarding a briefing note published by the Council's External Auditor, EY.

Ms Kriek advised the Committee that the current requirement to finalise accounts by the end of September was changing and that for next year the accounts would need to be finalised by the end of July. The Interim Director of Resources was to aim to bring the public sector more in to line with the private sector when finalising account. A dry run had been timetabled for this year to finalise accounts by the end of August, so that the Council could learn what needs to be done to enable accounts to be finalised by the end of July next year.

The Chairman stated that this would impact on the dates of Audit Committee meetings and the Interim Director of Resources advised that this was in hand.

#### **RESOLVED:**

- (i) that the External Audit Plan, be noted;
- (ii) that the briefing by Ernst & Young LLP, be noted.

### **1136. ANY OTHER BUSINESS**

The Chairman advised Members that this was the last meeting that the Interim Director of Resources would attend and thanked him for his work and wished him well for the future.

In response, the Interim Director of Resources, thanked the Chairman for his comments and wished the Audit Committee all the best.

There being no further items of business the Chairman closed the meeting at 4.45 pm.

**B E HARKER  
CHAIRMAN**