

# Audit Committee

Thursday 29 June 2017

## PRESENT:

Councillor Sam Leaves, in the Chair.  
Councillor Parker-Delaz-Ajete, Vice Chair.  
Councillor Dr Mahony.

Independent Members: Mr Clark and Mr Stewart

Apologies for absence: Councillors Sam Davey and Mrs Pengelly.

Also in attendance: Carole Burgoyne (Strategic Director for People), Brenda Davis (Audit Manager, Finance), Chris Flower (Finance Business Partner – Accountant for Capital and Treasury Management), Alex Fry (Trading Standards Manager), Andrew Hardingham (Interim Strategic Director Transformation and Change, Finance), Carolyn Haynes (Financial Controller), Matthew Hepenstal (BDO), Mike Hocking (Head of Assurance), Julie Hosking (Corporate Risk Advisor, Finance), Robert Hutchins (Head of Devon Audit Partnership), Ken Johnson (Corporate Fraud Team Manager, Finance), Paul Looby (Head of Financial Planning and Reporting, Finance), Greg Rubins (BDO) and Lynn Young (Democratic Support Officer).

The meeting started at 2.00 pm and finished at 3.44 pm.

*Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.*

### 1. **Note the Appointment of the Chair and Vice Chair**

The Committee noted the appointment of Councillor Sam Leaves as Chair and Councillor Parker Delaz-Ajete as Vice Chair of the Audit Committee for the municipal year 2017-2018.

### 2. **Declarations of Interest**

Councillor Sam Leaves declared a personal interest as she was employed by NEW Devon CCG.

### 3. **Minutes**

Agreed that the minutes of the meeting held on 16 March 2017 are confirmed as a correct record. Following observations from members, it was agreed that any future amendments to minutes would contain more detail to ensure clarity.

### 4. **Chair's Urgent Business**

The Chair advised members that following the electoral administration problems in the lead-up to the General Election on 8 June 2017, the Council had announced that an independent investigation

would be held, and the findings and recommendations from this investigation would be presented to Full Council within the next few months.

#### 5. **Director of Children's Services Assurance Test**

Carole Burgoyne (Strategic Director for People) presented the Director of Children's Services Assurance Test report, and highlighted to Members that the recommendations contained in the last report in 2015 had been firmly embedded.

Members noted the DCS Assurance Test has again been reviewed and revised using a risk assessment framework.

#### 6. **Statement of Accounts 2016/17 and Annual Governance Statement**

Carolyn Haynes (Financial Controller) presented the Statement of Accounts 2016/17 and Annual Governance Statement. Members were advised that the draft accounts were due to be published on the Plymouth City Council website on 30 June 2017.

The accounts had been produced by a new Finance team this year, working closely with BDO.

Members noted the report and the 'authorised for issue' date (1 June 2017) for the draft Statement of Accounts.

#### 7. **Operational Risk and Opportunity Management Update Report**

Mike Hocking (Head of Assurance) presented the Operational Risk and Opportunity Management Update Report, highlighting to Members that a new red risk (in the Finance (Procurement) department) had resulted in a number of projects being delayed.

Andrew Hardingham (Interim Strategic Director Transformation and Change, Finance) advised Members that the Procurement Team had suffered a high turnover of staff as a result of other organisations in the city recruiting staff, along with the failure to recruit appropriately qualified and experienced new staff. As a result of this he would be reviewing the structure in the Procurement Team and investigating ways to encourage staff to remain within the Council. He had approached a number of other Councils to investigate collaborative working.

The main areas of questioning from Members related to –

- At what point staffing levels within the Procurement Team would become critical
- The reasons staff leave the Procurement Team
- The possibility of an apprenticeship scheme within the department

The Committee noted and endorsed the current position with regard to operational risk and opportunity management.

*(The meeting adjourned at 2.29 pm and reconvened at 2.34 pm whilst Councillor Dr Mahony left the room)*

8. **Risk and Opportunity Management Annual Report 2016/17**

Julie Hosking (Corporate Risk Advisor, Finance) presented the Risk and Opportunity Management Annual Report 2016/17.

Mike Hocking (Head of Assurance Services) advised Members that the Integrated Health and Wellbeing Team had been awarded a 2017 Public Finance Innovation Award which would be presented to members of that team at the City Council meeting on 3 July 2017.

Members noted the Annual Report.

9. **Annual Governance Statement**

Mike Hocking (Head of Assurance Services) presented the Annual Governance Statement.

The main areas of questioning from Members related to –

- Who the Chief Auditor was (as referred to in the report)
- Changes resulting from the Welfare Reform

Members agreed to –

- (1) note the processes adopted for the production of the 2016/17 Annual Governance Statement;
- (2) endorse the adequacy and effectiveness of the system of internal audit;
- (3) approve the Annual Governance Statement prior to signature by the Leader, Chief Executive and Assistant Director for Finance (S.151 Officer).

*(The meeting adjourned at 2.44 pm and reconvened at 2.47 pm whilst Councillor Dr Mahony left the room)*

10. **Annual Report on Treasury Management Activities 2016/17**

Chris Flower (Finance Business Partner – Accountant for Capital and Treasury Management) presented the Annual Report on Treasury Management Activities 2016/17.

The main areas of questioning from Members related to –

- Minimum revenue provision
- Policy for buying property
- Unsupported borrowing
- Iceland Bank
- Treasury Management training for Cabinet members

Members agreed to –

- (1) note the Treasury Management Annual Report 2016/17;

(2) refer the Treasury Management Annual Report 2016/17 to Full Council for approval.

*(This is to comply with the CIPFA Code of Practice and discharge our statutory requirement)*

11. **Corporate Fraud Annual Report**

Mike Hocking (Head of Assurance Services) presented the Corporate Fraud Annual Report.

The main areas of questioning from Members related to –

- Recovery of overpayments
- Fraud training

Members agreed to note the Annual Report.

12. **Surveillance, Covert Activities and Regulation of Investigatory Powers Act 2000 (RIPA) Report**

Alex Fry (Trading Standards Manager) presented the surveillance, Cover Activities and the Regulation of Investigatory Powers Act 2000 (RIPA) Report. It was highlighted that the report was short as there had been no changes to legislation, and no inspections since the last report that had been submitted in June 2016. The recommendations from the 2015 report had been implemented, and since the last report there had been a number of changes in Authorising Officers and the Senior Responsible Officer, and the Authorising Managers List had been amended to reflect this.

Members acknowledged that covert activities can be a necessary and proportionate response for achieving the Council's objectives through approval of the Surveillance and Covert Activities Policy; which allows covert activities to be deployed where necessary and proportionate, under the control of a good practice process based on the Regulation of Investigatory Powers Act requirements.

13. **Internal Audit Annual Report 2016/17**

Robert Hutchins (Head of Devon Audit Partnership) presented the Internal Audit Annual Report 2016-17.

The area of questioning from Members related to –

- Schools DBS dip test

Members agreed to –

- (1) note that overall and based on work performed during 2016/17, and that of our experience from previous year's audit, the Head of Internal Audit's opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal framework;
- (2) note the performance and achievements of the Internal Audit Team during 2016/17.

14. **External Audit Progress Report**

Matthew Hepenstal (BDO) presented the External Audit Progress Report which highlights and explains to the Audit Committee the key issues which they believe are relevant to the audit of the financial statements and the Council's use of resources for the year ending 31 March 2017.

Members noted the progress of the External Auditor's work.

15. **Review of Work Plan 2017/18**

Members noted the rolling work programme for 2017-18, and it was agreed that the 14 September meeting would provide an update on those items that showed as 'Improvements Required' on the Internal Audit Annual Report.

The Chair and Vice Chair agreed to check if the September meeting clashes with any other Committee meetings.