

Audit and Governance Committee

Friday 14 January 2022

PRESENT:

Councillor Dr Mahony, in the Chair.
Councillor Lowry, Vice Chair.
Councillors Bingley, Evans OBE, Laing, Lowry and Shayer.

Independent Members: Mrs Annette Benny and Mr Ian Shipperley.

Also in attendance: Ross Jago (Head of Governance, Performance and Risk), Giles Perritt (Assistant Chief Executive), Brendan Arnold (Service Director for Finance), Brenda Davis (Audit Manager) and Helen Rickman (Democratic Advisor).

The meeting started at 2.30 pm and finished at 4.00 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.

51. **Declarations of Interest**

There were no declarations of interest made by Members in accordance with the code of conduct.

52. **Minutes - To Follow**

The minutes of the meeting held on 29 November 2021 were agreed as an accurate record.

53. **Tracking Resolutions - To Follow**

The Service Director for Finance provided an update on minute 11 'Counter Fraud Services Annual Report 2020/21' which read:

Minute 11 - The Audit and Governance Committee agreed to recommend that Ken Johnson (Counter Fraud Services Manager) meets with the relevant Cabinet Member to discuss the report, specifically with regards to how fraud awareness should be publicised.

Members were advised that a meeting was to be scheduled with the Leader within the next few weeks to discuss the management of fraud risk within the organisation. Officers were also exploring ways to produce metrics around fraud risk with the aim of providing this to the committee in the future.

Members noted the update.

54. **Chair's Urgent Business**

The Chair advised Members that there was one item of Chair's Urgent Business in relation to Plympton St Mary Ward's Polling Districts, Polling Places and Polling Stations Review 2021/2022 –

the papers were circulated prior to the meeting and would be discussed at 24 January 2022 Full Council meeting.

The Assistant Chief Executive advised that whilst there was a degree of consultation set out in the papers, it was hoped that, depending of the outcomes of the committee's discussion on their terms of reference scheduled later in the agenda, that there would be a formal setting to discuss the oversight of the electoral function. It was considered that if this committee had any concerns prior to the Council meeting of 24 January 2021, then Tracey Lee, as the Council's Electoral Registration Officer, would aim to address them.

Under this item the creation and potential workings of the Audit and Governance Committee's sub group was discussed. It was queried if issues that were raised at the sub group could be then be raised at the Audit and Governance Committee, and also if the sub group could be asked to consider specific items of business; it was confirmed by the Head of Governance, Performance and Risk that the Audit and Governance Committee would be the parent committee and recommendations would be required to go through the main committee and specific items could also be referred for consideration.

Members noted the update.

55. **Appointment of External Auditor**

The Service Director for Finance presented the Appointment of External Auditor report to the Committee and advised that there was a national system of procurement for external auditor appointments; this was a system that the Council previously joined and that 2022/23 was the last year of the previously agreed 5 year arrangement. There were three choices available to the committee, namely:

1. for authorities to procure external auditor – this was not considered to be a feasible option as there were only nine registered auditors in the country;
2. to combine the procurement process with other local authorities – this was not considered viable as a consultation with South West Council's demonstrated that other councils had elected to run with the national procurement scheme;
3. to elect to opt into the national procurement scheme – this was the preferred option.

The Council was required to join the national scheme by 11 March 2022 – Council's would then receive notification as to who had won the lot in the area and would then be given an opportunity to suggest an alternative.

Members discussed:

- that the scheme itself seemed very restrictive as the only real option was to go with the national scheme and the Council had no real influence – it was responded that the scheme was put in place nationally after consultation with the LGA and a capable auditors experienced in local government matters and with the technical capability should be appointed;

- that the scheme should be better value for money for the Council as there were so few external auditors in the market that it made sense to opt-in; it was hoped that it would improve the quality of the audit function and cost base;
- would the external auditor offer to look after children or those leaving care?; in response to the question it was highlighted that the national framework was unlikely to allow for added social value from the procurement exercise as this exercise was designed to be efficient and deliver lower costs. The Council was successful in obtaining social value in other procurement contracts it was involved in;
- what were the mechanisms for performance management and mitigation in terms of dealing with the external auditor?; in response Members were advised that processes were in place for dispute resolution. The Council could also contact the PSAA with concerns if required.

The Audit and Governance Committee agreed to recommend to Council that Plymouth accepts Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

(The Local Audit (Appointing Persons) Regulations 2015 require the decision to opt in to the national scheme to be made by a meeting of the Council).

56. **Audit and Governance Committee Terms of Reference**

Ross Jago (Head of Governance, Performance and Risk) presented the Audit and Governance Committee Terms of Reference report. A working group had been convened to consider issues raised by committee members and the group had produced several recommendations for discussion by the committee.

Members discussed:

- concerns that there may be duplication between scrutiny and the Audit and Governance Committee sub group and where it would be appropriate to raise certain issues regarding electoral issues/ street naming issues etc;
- that recommendations from the sub group should go through the Audit and Governance Committee;
- how the sub-committee membership was divided; it was confirmed that it was to be non-proportional;
- where standards issues would be considered; it was confirmed that the sub-committee wouldn't hear standards complaints, but would consider that the processes and procedures were adequate fair and appropriate;
- how the output of the meeting was tracked; it was confirmed that a tracking

decisions document would be included as a standing item on the agenda and reported back to the main committee. The minutes of the sub committee would also be submitted to the main Audit and Governance Committee.

The Audit and Governance Committee agreed:

1. That the Audit and Governance Committee move to a scheduled five meetings per year.

Reason: To ensure the required meeting time is available for members to adequately perform the core audit role.

2. That the Chair makes a report and on the activity of the Audit and Governance Committee to Cabinet on a half yearly basis and to Council on an annual basis.

Reason: This recommendation seeks to increase the profile and influence of the Audit and Governance Committee by providing regular updates and recommendations to Cabinet and an Annual Report to Council in line with CIPFA best practice.

3. That when considering areas of strategic risk the Audit and Governance Committee make recommendations to other parts of the Council's democratic governance structure.

Reason: This recommendation seeks to increase the profile of, and manage the committee's workload, through closer working with other parts of the democratic governance structure.

4. That the committee adopt the CIPFA model terms of reference outlined at appendix I with the inclusion of the overview of the council's family of companies (2.11) and the ethical framework (7)

Reason: This recommendation ensures that the committee can focus on its core functions and maintain strategic oversight of the operation of the Council's family of companies and ethical framework.

5. That the committee establishes a non-proportional subcommittee with responsibility for councillor, constitution, and civic issues, the ethical framework and electoral oversight functions.

Reason: This will enable the parent committee to remain focused on core audit issues and allow the Audit and Governance Committee to benefit from the input of councillors who hold a high level of knowledge and expertise in respect of constitutional issues.

6. That the number of independent members is maintained, but the requirement to have one independent member to remain quorate is removed.

Reason: The input of independent members will continue to be essential to the work of the committee. This recommendation will allow meetings to take place whilst providing independent members the flexibility to attend remotely.

7. Request that the Independent Remuneration Panel consider the allowances applicable to Independent Members.

Reason: Working group members recommend that the IRP review allowances applicable to Independent Members to ensure remuneration is appropriate to continue to attract high calibre candidates for independent roles across the Council's governance structure.

(Under this item Mrs Annette Benny and Mr Ian Shipperley declared an interest when the committee was discussing recommendation number 7 regarding the remuneration of independent members).

57. **Work Programme**

Members noted the work programme for 2021/22.