

Audit and Governance Committee

Thursday 31 May 2018

PRESENT:

Councillor Kate Taylor, in the Chair.
Councillor Dr Mahony, Vice Chair.
Councillors Mrs Pengelly, Pete Smith and Stevens.

Co-opted Representatives: Mr Clarke and Mr Stewart.

Also in attendance: Lisa Clampin (External auditor), Brenda Davis (Audit Manager), Glenda Favor-Ankersen (Head of Electoral Services), Chris Flower (Finance Business Partner), Andrew Hardingham (Interim Joint Strategic Director Transformation and Change), Carolyn Haynes (Financial Controller), Julie Hosking (Corporate Risk Advisor), Robert Hutchins (Head of Devon Audit Partnership), Tracey Lee (Chief Executive), Sian Millard (Oversight & Governance Manager), Helen Rickman (Democratic Adviser) and Sue Rouse (Senior Project Manager).

The meeting started at 10.00 am and finished at 11.30 am.

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. To Note the Appointment of the Chair and appoint a Vice Chair

The Committee noted the appointment of Councillor Kate Taylor as Chair and appointed Councillor Dr Mahony as Vice Chair of the Audit Committee for the municipal year 2018-2019.

2. Declarations of Interest

The following declaration of interest was made in accordance with the code of conduct:

| Name | Subject | Reason | Interest |
|------------------------------|--------------------------------|-------------------------|----------|
| Councillor Kate Taylor | Annual Governance Statement | Employee of Livewell SW | Personal |

3. Minutes

The minutes of the meeting held on 15 March 2018 were approved as an accurate record.

4. Chair's Urgent Business

There were no items of Chair's urgent business.

5. **Terms of Reference**

Siân Millard (Oversight & Governance Manager) presented the Terms of Reference item and advised Members that the terms of reference had been updated to reflect the new Audit & Governance Committee.

It was confirmed that the requirement for Independent Members of the Committee remained, as stated in the Council's constitution, despite the inclusion of the remit of the constitutional review group. There was provision for three Independent Members on the Audit & Governance Committee however there was currently one vacancy.

Members noted the Terms of Reference for the Audit & Governance Committee.

6. **Independent Remuneration Panel Review - to follow**

Siân Millard (Oversight & Governance Manager) presented the Independent Remuneration Panel (IRP) Review item to Members and highlighted the following:

- (a) the IRP was asked by the new administration to undertake a review; specific details were included in the 'to follow' report;
- (b) the IRP had been scheduled to meet on 13 and 14 June 2018 with recommendations due to go full Council on 25 June 2018;
- (c) the quorum for the IRP is three Independent Members however Audit & Governance Committee were invited to consider appointing Ms Jane Hopkinson as an additional Independent Member bringing the total number of panel members to four.

Members discussed the following

- (d) the proposal, detailed in the report, for four Assistant Cabinet Members as well as their expected role;
- (e) the timeframe involved in getting the report of the Independent Remuneration Panel to Council for 25 June 2018 deadline;
- (f) concerns regarding the wording in the final bullet point of the report which read: 'to make any other recommendations the Panel would like to make to Council in relation to their broader considerations about Member Allowances'. It was considered that the scope of this was very broad;
- (g) if the Independent Remuneration Panel Members had any experience in dealing with remuneration for people who weren't employees of an organisation;
- (h) if checks on political independence and neutrality had been undertaken for all Independent Members.

Audit & Governance Members agreed:

1. to note the terms of reference for the Independent Remuneration Panel's June 2018 review of Member Allowances;
2. to approve the appointment of Ms Jane Hopkinson to the Panel, per its delegated authority from Council at 18 May Annual General Meeting.

7. **Elections Debrief**

Tracey Lee (Chief Executive), Glenda Favor-Ankersen (Head of Electoral Services) and Sue Rouse (Senior Project Manager) presented the Elections Debrief highlighting the following points to Members:

- (a) the elections project was initially monitored by the Constitutional Review Group (CRG) however since the merge of CRG and Audit Committee resulting in the creation of the Audit & Governance Committee, updates were to be directed to this meeting;
- (b) Mr Dave Smith, an independent inspector, who was brought in as a result of several issues with the elections in 2017, provided the Council with several recommendations in order to address concerns and ensure the adequacy of the elections process. It was confirmed that in response to the recommendations made by Mr Smith, resilience in the team had been enhanced through additional capacity; improvements in elections documentation and more effective processes; a focus upon training and staff meeting national standards of certification for elections law and registration; the contact centre has taken on some tasks from the elections team, using their skills and expertise in customer service by dealing with basic enquiries about the electoral register;
- (c) the Electoral Commission was present at the Life Centre on election night on Thursday 3 May 2018 and confirmed they were satisfied with the Council's processes, the venue, that fact that count staff were easily identifiable due to coloured id badges and how the Returning Officer had conducted the election overall. It was raised however that further training was required for count staff to improve consistency, particularly around the process for verifying ballot papers;
- (d) the Electoral Services team was now in the process of preparing for the full canvas of the electoral register which will start in July 2018; statutory letters, Household Enquiry Form (HEF) and Invitation To Register (ITR) are required to be sent to all households in Plymouth;
- (e) there was also a statutory requirement to undertake a Polling District and Polling Place review every five years. Plymouth City Council last conducted a review in November 2014 and therefore was now undertaking a full review starting 1 October 2018 and finishing before the publication of the 2019/2020 Electoral Register. The review will set out the proposals for changes to Plymouth City's polling districts and locations as part of a review carried out as required by the Electoral Registration and Administration Act 2013. The review

was not a review of electoral areas, only the polling districts and the polling places. There was no requirement to change any existing arrangements.

Members raised the following points:

- (f) there was an issue at a polling station in Devonport whereby signs were mistakenly taken down too early prior to the closing of the poll; this was rectified quickly and was considered a vast improvement from the elections team in terms of a quick response; it was confirmed that training would be refined and that this incident would be used as an example of what not to do on election day;
- (g) an issue occurred at a polling station at a school whereby a van was parked in the carpark of the school emblazoned with political posters; it was confirmed that this issue was dealt with and a letter would be sent out to all polling stations confirming the requirement to keep polling stations free from political influence;
- (h) Members questioned the future role of the Audit & Governance Committee in overseeing the elections process; it was confirmed that the Audit & Governance Committee may like to be informed at the start of an electoral process as well as at the end to give an update. The Polling Place Review may also be of interest to the Audit and Governance Committee.

Members agreed –

- 1. to note the update on the Elections Debrief;
- 2. to update the Audit and Governance Work Programme to include:
 - The Elections Process
 - The Polling Place Review

8. **Internal Audit Annual Report 2017/18**

Rob Hutchins (Head of Devon Audit Partnership) and Brenda Davis (Audit Manager) presented the Internal Audit Annual Report 2017/18. Members were advised that overall, based on work performed during 2017/18, the Head of Internal Audit's Opinion was of 'significant' assurance' in relation to the Council's internal control framework.

Members highlighted the issue of some student accommodation providers letting out rooms over the summer period to non-students or those not in training. It was considered that this was a concern to a number of people in the local community and there was also a possibility that the Council was losing money on council tax payments. In response Members were advised that the Council was obtaining legal guidance, specifically with regards to the charging of council tax.

It was agreed that –

- 1. the Audit & Governance Committee note that overall and based on work performed during 2017/18, and that of our experience from previous years' audit, the Head of Internal Audit's Opinion is of 'Significant Assurance' on the

adequacy and effectiveness of the Authority's internal control framework;

2. Members note the performance and achievements of the Internal Audit Team during 2017/18;
3. Andrew Hardingham (Strategic Director for Transformation & Change) to work with Brenda Davis (Audit Manager) to put together a programme identifying specific areas of the council where improvements were required and for this to be reported back to the Audit & Governance Committee with the appropriate Managers in attendance.

9. **Annual Governance Statement 2017/18**

Julie Hosking (Corporate Risk Advisor) presented the Annual Governance Statement 2017/18.

Members were highlighted to the Council's statutory requirement to produce an Annual Governance Statement and its responsibility in providing a continuous review of the effectiveness of the organisation's internal control and risk management.

Members discussed the following:

- (a) who was responsible for monitoring health and safety, specifically with regards to vibrations as recently some grass cutters had to be returned due to the level of vibrations; it was confirmed that this was monitored by service managers and the health & safety department;
- (b) on page 54 of the agenda pack the statement refers to the Audit Committee having two independent members however it was considered that this was misleading as there were currently two serving independent members as well as one vacancy; this would be amended accordingly in the statement;
- (c) the importance of data security and actions taken to prevent further potential losses; it was confirmed that this would be covered in the Information Governance Report which was currently being prepared by Officers and would be submitted to Committee once available;
- (d) if further information could be provided on the whistleblowing policy and if the policy was fit for purpose; it was confirmed that the whistleblowing policy was due for review and could be added to the Council's staffroom webpage in order to heighten awareness.

It was agreed that the Audit & Governance Committee –

- (1) note the processes adopted for the production of the 2017/18 Annual Governance Statement;
- (2) approve the adequacy and effectiveness of the proposed Code of Corporate Governance;
- (3) endorse the adequacy and effectiveness of the system of internal audit;

- (4) approve and Annual Governance Statement prior to signature by the Leader, Chief Executive and Interim Strategic Director for Transformation & Change (S.151 Officer);
- (5) amend the Annual Governance Statement 2017/18 to clarify that the Audit & Governance Committee currently had two independent Members however there was a vacancy for 1 further Independent Member.

10. **Draft Statement of Accounts 2017/18**

Carolyn Haynes (Financial Controller) presented the Draft Statement of Accounts 2017/18 and advised Members that they were due to be published by the Council today (31 May 2018) and would be available for public inspection for 30 days as of 1 June 2018.

The Audit & Governance Committee noted the report and the 'authorised for issue' date (26 July 2018) for the Draft Statement of Accounts 2017/18.

11. **Annual Report on Treasury Management Activities 2017/18**

Chris Flower (Finance Business Partner) presented the Annual Report on Treasury Management Activities 2017/18.

The following points were highlighted to Members:

- (a) as a result of the European Directive, Markets in Financial Instruments Directive (MiFID II), from 3 January 2018 Local Authorities were automatically treated as retail clients but could 'opt up' to professional client status, providing certain criteria was met - Plymouth had met the conditions to opt up to professional status and had done so to maintain its MiFID II status;
- (b) the Council's Treasury Management Board has determined it was more cost effective to borrow short term loans instead of fixing in at higher long term rates;
- (c) during 2017/18 the Council's investment and cash balances ranged between £70-£100 million due to timing differences between income and expenditure
- (d) the Council confirmed compliance with its Prudential Indicators for 2017/18 which were set out in February 2017 as part of the Council's Treasury Management Strategy.

The Audit & Governance Committee agreed:

1. to note the Treasury Management Annual Report 2017/18;
2. to refer the Treasury Management Annual Report 2017/18 to Full Council for approval.

12. **BDO Verbal Update**

Lisa Clampin (BDO) presented the BDO verbal update and advised Members that the interim audit had been completed and her colleagues were working towards sign off which was required at the end of July 2018.

Members noted the update.

13. **Work Programme**

Members discussed the work programme for 2018/19 and agreed to add the following items:

- The Elections Process;
- The Polling Place Review;
- Internal Audit Annual Report – Manager specific issues ‘requiring improvement’

Under this item the Chair advised Members of her intention to move future Audit & Governance Committee meetings to Mondays at 4pm. The Democratic Support Adviser informed Members that new dates would be emailed and subsequently updated on the Council’s website.

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