

Audit and Governance Committee

Monday 10 December 2018

PRESENT:

Councillor Kate Taylor, in the Chair.
Councillor Dr Mahony, Vice Chair.
Councillors Carson

Co-opted Representatives: Mr Clarke and Mr Stewart.

Apologies for absence: Councillor Mrs Pengelly (Councillor Carson substituting).

Also in attendance: Giles Perritt (Assistant Chief Executive), Siân Millard (Oversight and Governance Manager), Andrew Hardingham (Service Director for Finance), Brenda Davis (Audit Manager), Julie Hosking (Corporate Risk Advisor), Chris Flower (Finance Business Partner Capital Treasury and Management), Linda Torney (Assistant Head of Legal Services), David Bray (Grant Thornton), Geri Daly (Grant Thornton) and Jamie Sheldon (Democratic Advisor).

The meeting started at 4.00 pm and finished at 6.00 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.

46. **Declarations of Interest**

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

47. **Minutes**

The Committee agreed the minutes of the meetings held on 1 October 2018.

48. **Chair's Urgent Business**

There were no items of Chair's urgent business.

49. **Annual Audit Letter**

Andrew Hardingham (Service Director for Finance) presented the Annual Audit Letter.

The annual audit letter summarised the key issues arising from the work that we have carried out at Plymouth City Council for the year ended 31 March 2018.

It was addressed to the Council and is also intended to communicate the key findings identified to key external stakeholders and members of the public.

BDO issued an unmodified opinion on the financial statements on 13 August 2018.

BDO audit identified five errors above the reporting threshold that, if corrected, would reduce the deficit for the year by £2.571 million. These were not corrected by Plymouth City Council management as they were concluded to be immaterial to the financial statement both individually and cumulatively. BDO concurred with that conclusion.

BDO identified one material misstatement in respect of the classification of £54.8m of grants received in advance, which was corrected. This also resulted in a prior year adjustment of £39.6m.

BDO issued an unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 13 August 2018.

50. **Mid-Year Treasury Management Report 2018/19**

Chris Flower (Finance Business Partner) presented this report.

The Local Government Act 2003 required the Council to set out its Treasury Strategy and to prepare an Annual Investment Strategy.

The Council's Strategy for 2018/19 was approved by Full Council at its budget meeting on 16 February 2018.

Provided an update on the progress and outcomes against the Treasury Management Strategy for the six month period ended 30 September 2018.

It is a requirement of the CIPFA Code of Practice on Treasury Management that a mid-year report, as a minimum, would be presented to Full Council.

The Audit and Governance Committee noted the report.

51. **Treasury Management Strategy 2019/20**

Chris Flower (Finance Business Partner) presented Treasury Management Strategy 2019/20 report.

Outlined the Treasury Management Strategy for 2019/20 which included the Annual Investment Strategy, the new Non-Treasury Management Investment Strategy and the Minimum Revenue Provision Statement.

The reports are required by The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services.

The Audit and Governance Committee agreed to recommend the Treasury Management Strategy 2019/20 (incorporating the authorised limits, operational boundaries and prudential indicators) to the Cabinet for recommendation on to Council.

52. **Capital Financing Strategy 2019/20**

Chris Flower (Finance Business Partner) presented the Capital Financing Strategy 2019/20.

The Strategy provided a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

It was now a requirement as part of the amendments implemented in the 2018/19 Treasury Management Code that all Local Authority's will need to produce a Capital Strategy each year.

The strategy provided an overarching policy framework for the Council's capital programme and planning, and will form part of a suite of strategies which provide a holistic view of the Council's financial planning framework. The report was considered in conjunction with the Medium-Term Financial Strategy, Treasury Management Strategy and Investment Strategy.

The Audit and Governance Committee recommended the Capital Financing Strategy 2018/19 to the Cabinet for approval.

53. **Internal Audit Half Year Report**

Brenda Davis (Audit Manager) presented the Internal Audit Half Year Report.

Members of the Audit and Governance Committee were provided with a position statement on the audit work carried out in the first half of 2018/19, reviewing the performance and effectiveness of the Internal Audit services and provided a mid-year audit opinion on the adequacy of the Authority's internal control environment. The audit work delivered objective and relevant assurance and contributed to the effectiveness and efficiency of the governance, risk management and internal control processes.

The Audit and Governance Committee noted the report.

54. **External Audit Progress Report and Sector Update**

Geri Daly (Grant Thornton) and David Bray (Grant Thornton) presented the External Audit Progress Report and Sector Update.

Audit and Governance Committee were provided with a report on progress in delivering the responsibilities as external auditors.

A summary of emerging national issues and developments that may have be relevant to Plymouth City Council were provided and included a number of challenge questions in respect of these emerging issues which the Committee considered (these were a tool to use, if helpful, rather than formal questions requiring responses for audit purposes).

The Audit and Governance Committee noted the report.

55. **Operational Risk and Opportunity Management Update Report**

Julie Hosking (Corporate Risk Advisor) presented the Operational Risk and Opportunity Management Update Report.

To support the delivery of the City's vision and to enable the provision of high quality services to the citizens and communities of Plymouth it is imperative that effective risk management arrangements are in place.

A fundamental element of Corporate Governance, was risk managed approach to decision making which will enable the council to achieve its objectives and deliver services more efficiently and cost effectively.

The management of risk principles and processes equally applied at operational level, supporting improved performance, integration with corporate planning, projects, change programmes and partnerships.

outlined the continuing progress being made across Services in delivering Operational Risk and Opportunity Registers in line with the Council's shared vision and priorities.

The total number of operational risks now reported had decreased from 121 to 114, comprising of 2 high (red) risks, 69 medium (amber) risks and 43 low (green) risks.

Audit and Governance Committee noted the update.

56. **Whistle blowing Policy**

Brenda Davis (Audit Manager) presented the Whistle Blowing Policy.

The Whistleblowing Policy was last approved by the Audit Committee in June 2013 and that policy has now been subject to a further refresh.

The Whistleblowing Policy applied to all employees and Councillors of Plymouth City Council, including temporary and agency staff and was intended to encourage and enable individuals to raise serious concerns within the Council rather than overlooking a problem.

Paragraph 2.1 of the policy had been updated to make clear that although the policy extends to any other individual who wants to raise an allegation of perceived wrong doing, including consultants, contractors, sub-contractors who are engaged in work for the Council, workers who are not direct employees of Plymouth City Council may not receive the same protection under the Public Interest Disclosure Act.

Whilst the Council will endeavour to provide appropriate advice and support wherever possible in this eventuality, the policy recommended that advice is sought from a trade union representative or from 'Protect' formerly Public Concern at Work (an independent charity set up to provide advice and guidance about whistleblowing issues).

The committee expressed reservations about the wording relating to Anonymous Allegations at 3.3 and agreed to delegate authority to the Chair and Vice Chair to review and approve the Whistleblowing Policy.

57. **Anti-Fraud, Bribery and Corruption Policy, Strategy and Response Plan**

Ken Johnson (Counter Fraud Service Manager) presented the Anti-Fraud, Bribery and Corruption Policy, Strategy and Response Plan.

Fraud was a major drain on the Public Purse and it was therefore imperative that all public-sector staff worked to prevent fraudulent activity and understand the threats and risks involved to the country's economy and specifically the local economy.

The public were entitled to expect the local authority to conduct its affairs with honesty and openness and to demand the highest levels of integrity and conduct from its staff, members and partners.

The Council was committed to clear accountability in the use of resources to achieve desired outcomes for service users and communities.

The opportunity for fraud, bribery and corruption was reduced to the absolute practical minimum enabling the Council to protect the money that is needed to deliver responsive and effective frontline services.

The Anti-Fraud, Bribery and Corruption Policy set out the expectations of Plymouth City Council, described what was meant by fraud, bribery and corruption and outlined the responsibilities of the Corporate Management Team, operational managers, officers and elected members.

The Anti-fraud, Bribery and Corruption Strategy and Response Plan detailed the actions the Council will undertake to prevent fraud, bribery and corruption from happening in the first place. How alleged or suspected occurrences would be investigated and the sanctions available to the Council when it was able to prove an offence beyond reasonable doubt or the offender confessed to having committed a criminal offence against the Authority.

The Audit and Governance Committee agreed the Anti-Fraud, Bribery and Corruption Policy, Strategy and Response plan.

58. **Voter Id - to follow**

Giles Perritt (Assistant Chief Executive) presented the Voter ID report.

Voters in five English council areas: Bromley, Gosport, Swindon, Watford and Woking, were asked to produce a form of identification before voting at last May's Local Elections.

The Government and the Electoral Commission deemed this a success, as the overwhelming majority of voters had the right documents.

The scheme was a "reasonable and proportionate measure" to combat voter fraud at polling stations where an individual pretends to be someone else (known as "personation").

Eleven local authorities across England will be taking part in Voter ID pilots for the 2019 local elections:

- Pendle;
- Ribble Valley;
- North Kesteven;

- Watford;
- East Staffordshire;
- Broxtowe;
- Braintree;
- North West Leicestershire;
- Woking;
- Derby;
- Mid Sussex.

The Electoral Registration Office Team will continue to register as many local residents as possible ahead of the 12 April 2019 deadline. This will include sending a pre-election confirmation letter in February/March 2019 to every household to identify anyone who is missing from the register and inviting them to register.

The Audit and Governance Committee noted the update.

59. **Review of Petitions Guidance**

Linda Torney (Assistant Head of Legal Services) presented the review of petitions guidance report.

The Council had established guidance on how to deal with petitions. Following a recent petition the Audit and Governance Committee had been asked to review that guidance to ensure that the guidance was suitable and to maintain open and transparent decision making.

Members noted the report and agreed to discuss at their group meetings as to whether the petition arrangements needed amending.

60. **Civic Event Calendar 2019**

Siân Millard (Oversight & Governance Manager) presented the Civic Calendar 2019 and provided members an update on forthcoming events.

Members agreed to form a working group to review the objectives of the Lord Mayor's Day and noted the update.

61. **Tracking Resolutions**

Members noted the report.

62. **Work Programme**

Members were invited to email the Chair with any items they would like included on the Work Programme.

