

Audit and Governance Committee

Monday 11 March 2019

PRESENT:

Councillor Dr Mahony, Chair
Councillors Carson (substituting for Councillor Mrs Pengelly), Morris (substituting for Councillor Kate Taylor) P Smith, Stevens.

Co-opted Representatives: Mr Stewart and Mr Clarke

Apologies for absence: Councillor Mrs Pengelly (Councillor Carson Substituting) and Councillor Kate Taylor (Councillor Morris Substituting)

Also in attendance: Siân Millard (Oversight and Governance Manager), Andrew Hardingham (Service Director for Finance), Brenda Davis (Audit Manager), Julie Hosking (Corporate Risk Advisor), Linda Torney (Assistant Head of Legal Services), Paul Looby (Head of Financial Planning and Reporting), Geri Daly (Grant Thornton), Alex Fry (Trading Standards Manager) Councillor Coker, Richard Grant (Strategic Planning Manager) Emmanuelle Marshall (Project Manager) and Jamie Sheldon (Democratic Advisor).

The meeting started at 3.00 pm and finished at 4.50 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. Declarations of Interest

Following declaration of interest was made in accordance with the code of conduct –

Name	Item	Reason	Interest
Councillor Stevens	13	Close relative is employed by Delt Shared Services Ltd	Personal Interest

2. Minutes

The Committee agreed the minutes of the meeting held on 10 December 2018.

3. Chair's Urgent Business

There were no items of Chair's urgent business.

4. **Treasury Management Practices, Principles and Schedules 2019/20**

Paul Looby (Head of Financial Planning and Reporting) presented the Treasury Management Practices, Principles and Schedules 2019/20 report to the Committee –

- (a) the current volatility and uncertainty within the global financial markets has had a substantial effect on Treasury Management activities. The risk to the Council's investments and loans would be constantly monitored and acted upon in accordance with the principles and procedures set out in the Council's Treasury Management Practices, Principles and Schedules.

Members raised a questions on –

- (b) why do the council not record broker conversations?

The Audit and Governance Committee approved the Treasury Management Practices, Principles and Schedules for 2018/19 as set out in this report to ensure compliance with the CIPFA Code of Practice for Treasury Management.

[Would be forwarded onto Full Council for consideration in September as per the Constitution]

5. **Strategic Risk and Opportunity Register – Risk Monitoring Report**

Julie Hosking (Corporate Risk Advisor) presented the Strategic Risk and Opportunity Register – Risk Monitoring Report to the committee -

The report provided a summary of the latest formal monitoring exercise completed for the Strategic Risk and Opportunity Register for the period September 2018 to February 2019. Appendix A to the report provided the revised Strategic Risk and Opportunity Register showing the current status of each risk and the movement in risk score compared with the previous monitoring period. Overall, as a result of the review, the total number of risks now reported on the Register had increased from 14 to 16.

The Audit and Governance Committee noted the report.

6. **Internal Audit Charter & Strategy 2019/20**

Brenda Davis (Audit Manager) presented the Internal Audit Charter & Strategy 2019/20 to the Committee -

- (a) the only minor amendments from the Charter and Strategy documents approved by the Audit Committee in March 2018 was to update the titles in both documents to read Audit and Governance Committee and Service Director for Finance and Section 6 – Resources and Skills in the Audit Strategy had been updated following the transfer of the Counter Fraud Team to Devon Audit Partnership.

- (b) one of the requirements of the Public Sector Internal Audit Standards (PSIAS) was that the purpose, authority and responsibility of the internal audit activity are formally defined in an internal audit charter and strategy, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- (c) the Audit Strategy was a high-level statement of how the internal audit service would be delivered and developed in accordance with the Charter and how it linked to the organisational objectives and priorities. It would communicate the contribution that Internal Audit makes to the organisation and would include:

Internal audit objectives and outcomes;

- (d) how the Head of Devon Audit Partnership would form and evidence his opinion on the governance, risk and control framework to support the Annual Governance Statement;
- (e) how Internal Audit's work would identify and address significant local and national issues and risks;
- (f) how the service would be provided, and the resources and skills required to deliver the Strategy;

The Audit and Governance Committee agreed the Internal Audit Charter & Strategy for the year 2019/20.

7. **Internal Audit Plan 2019/20**

Brenda Davis (Audit Manager) presented the Internal Audit Plan 2019/20 to the committee -

- (a) standards for Internal Audit in local government were set out in the Public Sector Internal Audit Standards (PSIAS). The PSIAS confirmed that the Council should periodically prepare a risk-based plan of Internal Audit activity that is designed to support an annual opinion on the effectiveness of the systems of governance, risk management and internal control and is informed by the audit strategy, consultation with stakeholders and a dynamic assessment of risks;
- (b) the PSIAS stated that 'the chief audit executive' must communicate the internal audit activity's plans and resource requirements to senior management and the board (Audit & Governance Committee) for review and approval.

The Audit and Governance Committee approved the Internal Audit Plan 2019/20.

8. **External Audit Plan 2018 - 19**

Geri Daly (Grant Thornton) presented the External Audit Plan 2018 – 19 to the Committee -

- (a) the Committee was asked to consider the Audit Plan and the Progress Report from the external auditors. This was to ensure that the Audit Committee are aware of the external audit scope and objectives, overall audit strategy, key audit risks and the proposed audit fees for 2018/19;

- (b) this report formed part of the independent external audit review process. The Audit Committee's role required it to receive regular reports from the external auditors on the progress of their work at PCC. Members were also asked to discuss the Audit Plan to identify whether there were any other matters that they wish to be considered as part of the audit.

The Audit and Governance Committee noted the contents of the Letter to Management and the deadline for a coordinated response from the Chair of the Audit and Governance Committee and management which was to be provided by the 30th April 2019.

9. **Final Internal Audit Report: Plymouth Integrated Commissioning Fund – Section 75 Framework Agreement and Financial Framework High Level Review**

Andrew Hardingham (Service Director for Finance) presented the Final Internal Audit Report: Plymouth Integrated Commissioning Fund – Section 75 Framework Agreement and Financial Framework High Level Review to the Committee -

- (a) in accordance with the 2018/19 Aligned Audit and Assurance Plan of NEW Devon Clinical Commissioning Group ('the CCG'), as approved by the CCG Audit Committee in Common, a high level review of the CCG's Plymouth Integrated Commissioning Fund arrangements had been undertaken;
- (b) although this work was commissioned by the CCG and undertaken by Audit South West, the recommendations and conclusions give assurance to both organisations (CCG and Plymouth City Council);
- (c) the objective of this review was to assess the current s75 Agreement and the supporting Financial Framework to ensure that the documents had been fully completed, are up to date and had been approved and signed as required;
- (d) the overall conclusion of Audit South West was that the governance arrangements in place surrounding the s75 Agreement and the Financial Framework are clearly defined in the corresponding documents and are appropriately structured.

The Audit and Governance Committee noted the report.

10. **Integrated Commissioning Finance and Assurance Review Group Annual Report 2017/18**

Andrew Hardingham (Service Director for Finance) presented the Integrated Commissioning Finance and Assurance Review Group Annual Report 2017/18 to the Committee -

- (a) under the terms of reference for the Integrated Commissioning Finance and Assurance Review Group (FARG), the Chair will prepare an Annual Report and an Effectiveness Review on the activities of the FARG to be completed each year. This report detailed the work undertaken during the financial year, the successes and risks plus a look into the coming year to highlight key tasks.

- (b) this formal report was presented to FARG for approval and onward distribution to Plymouth City Council's Audit and Governance Committee and the CCG Western Locality Board.

The Audit and Governance Committee noted the report

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

Alex Fry (Trading Standards Manager) presented the Surveillance, Covert Activities and the Regulation of Investigatory Powers Act 2000 (RIPA) report to the Committee -

- (a) surveillance was a tool that may be required for the Council to fulfil its obligations to investigate crime, prevent disorder, recover debt, protect the public and establish the facts about situations for which the Council had responsibility;
- (b) staff may consider that it was appropriate to undertake covert activities that result in the subject of enquires being unaware that their actions are being monitored, or enquires are being undertaken without their knowledge;
- (c) covert activities compromise an individual's 'right to privacy', so the use of a covert activity must be lawful, necessary and proportionate in order to comply with the Human Rights Act. Examples of the Council's use of covert surveillance were listed in Appendix A;
- (d) the report informed Members about the steps being taken to ensure that the Council is compliant in respect of covert activities.

The Audit and Governance Committee approved the report.

12. **Governance Arrangements for the Delivery of the Plymouth and South West Devon Joint Local Plan**

Richard Grant (Strategic Planning Manager) presented the Governance Arrangements for the Delivery of the Plymouth and South West Devon Joint Local Plan report to the Committee -

- (a) the report was to gain approval of the governance arrangements for the delivery of the Plymouth and South West Devon Joint Local Plan, as set out in the accompanying Paper "Plymouth and South West Devon Joint Local Plan – Delivery and Governance", and in particular the establishment of a member led Joint Local Plan Partnership Board;
- (b) the Plymouth and South West Devon Joint Local Plan had been prepared in collaboration with South Devon Joint Local Plan and had been prepared in collaboration with South Hams District Council and West Devon Borough Council. It was nearing the end of the Examination in Public of the plan, undertaken by the Planning Inspectorate on behalf of the Secretary of State, and was hoped that the plan would be adopted in Spring 2019;
- (c) collaboration with South Hams District Council and West Devon Borough Council on production of the plan had taken place through the terms of a Collaboration Agreement, which was agreed at the same time as the decision to collaborate on the JLP was taken, and

had been overseen by the Plymouth and South West Devon Joint Local Plan Joint Member Steering Group;

- (d) inspectors raised questions about how the Councils would ensure delivery of the JLP through ongoing collaboration and joint working. The Councils therefore produced a Governance Topic Paper, which was agreed by the Steering Group, which was submitted to the Inspectors during the Examination;
- (e) the JLP was nearing adoption, it was necessary to ensure that the updated governance arrangements are formally endorsed by the JLP Councils, in order that the Councils can immediately and efficiently proceed to deliver the plan along the lines presented to the Inspectors.

The Audit and Governance Committee approved the establishment of a Joint Local Plan Partnership Board in accordance with the Joint Local Plan governance arrangements set out in the Plymouth and South West Devon Joint Local Plan – Delivery and Governance Paper.

13. **Systems Outage Lessons Learned**

Andrew Hardingham (Service Director for Finance) presented the System Outage Lessons Learned report to the Committee –

- (a) the power fault at Windsor House was repaired on Thursday 24 January 2019. Prior to the repair all PCC core services had been switched over to the second site (STEM) to mitigate the risk of a power loss in Windsor House impacting services. As STEM had been running perfectly well with sufficient spare capacity, a decision was made to leave core services running at STEM over the weekend (26 and 27 Jan 2019) to ensure there were no further issues with the repaired power fault at Windsor House. Given the poor weather that was forecast over that weekend, as part of the Delt lessons learnt review it was agreed there was a need to review and update the risk assessment process within Delt to cater for this type of unusual scenario;
- (b) there was a single call from a PCC customer late on Friday 25 January 2019 which indicated an issue with the mobile phone service. This was treated as a normal single customer incident and the normal Delt service levels applied to it. This meant the call was not reviewed from a deeper technical perspective until the following Monday. The lessons learnt review recommended that Delt need to assess all incidents, regardless of volume (single or multiple) to determine whether the issue was indeed related to the customer or a wider service related issue. This has been communicated to the Delt Service Desk Leadership team for further education with the appropriate Delt staff;
- (c) Delt were aware of the service issue on Saturday night, but did not communicate to PCC customers until Monday morning. There were communications over the weekend with PCC intelligent client, however it is recognised that there should have been communications with PCC customers on a more proactive basis given the size of the impact.

The Audit and Governance Committee noted the report.

14. **Award of Contracts**

Linda Torney (Assistant Head of Legal Services) presented the Award of Contracts report to the Committee -

- (a) members discussed whether to adopt a general policy about dealing with announcements about the award of tenders as practice had varied in the past;
- (b) the Audit and Governance Committee were advised that there was still more work to be done and a report would come back to a future meeting.

The Audit and Governance Committee noted the report.

15. **Polling District and polling station review - recommendations**

Glenda Favor-Ankersen (Head of Legal Services) presented the Polling District and polling station review – recommendations report to the Committee -

- (a) the report presented the final recommendations for the Polling Districts, Polling Places and Polling Stations Review for 2019/2020;
- (b) local authorities must comply with legislation about the location and accessibility of polling districts and polling places;
- (c) the mandatory review process was set out in the Representation of the People Act 1983, and includes a public consultation;
- (d) Plymouth City Council are required to review every five years, and this review must be completed by 31 January 2020;
- (e) in compliance with the legislation, the current review of polling places and polling districts began in October 2018, and an initial recommendations report was published for consultation on Monday 5 November 2018;
- (f) the consultation phase ended on Friday 14 December 2018, and included views from local residents and stakeholders in the city, including any issues with access to premises or facilities for people with disabilities;
- (g) the review also took into account the impact of the next four years' worth of planned residential developments on existing electoral arrangements;
- (h) it was the Returning Officer's role to select the polling stations;

- (i) City Council would make decisions on any proposed changes to polling districts or polling places;
- (j) the final scheme for polling arrangements would be adopted by the Chief Executive in accordance with the Council's constitution;
- (k) the polling districts, polling places and polling stations finally decided on would be used for the May 2020 Local and Police and Crime Commissioner elections.

The Audit and Governance Committee agreed to recommend that Council approves the proposed changes to polling stations as set out in the Polling Districts, Places and Stations Review Recommendations Report.

16. **Tracking Resolutions**

The Audit and Governance Committee noted the report.

17. **Work Programme**

The Audit and Governance Committee were invited to send Work Programme items to the Chair or Democratic Support for inclusion at future meetings.