

## **STANDARDS AND AUDIT COMMITTEE**

**Wednesday, 24th May, 2017**

Present:-

Councillor Rayner (Chair)

Councillors A Diouf  
Caulfield  
Derbyshire

Councillors Hollingworth  
Tidd

\*Matters dealt with under the Delegation Scheme

1 **DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS  
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

2 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Bean.

3 **MINUTES**

**RESOLVED -**

That the minutes of the Standards and Audit Committee meeting held on 5 April, 2017 be approved as a true record.

4 **INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2016/2017**

The Internal Audit Consortium Manager presented the Internal Audit Consortium Annual Report in respect of Chesterfield Borough Council for 2016/17.

The report covered:

- a summary of the internal audit work undertaken during 2016/17 – 29 reports completed, with 69% receiving a 'good' or 'satisfactory' opinion, compared to 84% the previous year;

- an opinion on the overall adequacy and effectiveness of the Council's control environment, which was generally found to be operating satisfactorily or well, although there had been 'marginal' opinions in respect of three of the main financial systems;
- any issues for inclusion in the Annual Governance statement – data protection, non-housing property repairs, ICT network security and health and safety had been included as significant governance issues;
- a comparison of actual work undertaken with planned work – 91% of planned audits had been completed, with reasons provided for the three audit reports outstanding;
- comments on compliance with the Public Sector Internal Audit Standards (PSIAS) and on the results of the quality assurance programme – a self-assessment and an external review had both confirmed that there were no significant areas of non-compliance with PSIAS, and a progress report on the action plan for improvements arising from the external review was attached to the report as an appendix;
- comments on the outcome of the internal quality assurance programme, including the use of individual audit reviews, customer satisfaction surveys (with an average score of 95%) and surveying the views of the client officer (with a score of 97%);
- confirmation of the organisational independence of internal audit;
- confirmation that the performance of the Internal Audit Consortium had met the requirements of the current Internal Audit Charter.

It was noted that the Corporate Management Team (CMT) received regular reports on outstanding audit recommendations, and that these were reported to the Standards and Audit Committee six-monthly. In addition, where an audit report reached an 'unsatisfactory' opinion, managers were required to attend the Committee to report progress on the implementation of recommendations.

**\*RESOLVED –**

- (1) That the Internal Audit Consortium Annual Report for 2016/17 be accepted.
- (2) That the progress made in respect of implementing the action plan from the external review of the Internal Audit Consortium be noted.

**5 REVIEW OF CODE OF CORPORATE GOVERNANCE AND THE ANNUAL GOVERNANCE STATEMENT**

The Internal Audit Consortium Manager presented a report to review compliance with the Code of Corporate Governance requirements during 2016/17 and to present the Annual Governance Statement and associated action plan.

The report, the Annual Review of the Local Code of Corporate Governance and the Annual Governance Statement and Action Plan had been approved by the Council's Cabinet for consideration by the Standards and Audit Committee.

The report gave details of:

- The review by the Corporate Management Team of the Council's position against the key elements of an authority's governance arrangements as identified by the CIPFA / SOLACE 'Delivering Good Governance in Local Government: Framework (2016)' (attached as an appendix to the report);
- The Annual Review of compliance with the Code of Corporate Governance requirements for 2016/17 (attached as an appendix to the report), showing that compliance had largely been achieved, with those areas of partial or no compliance being addressed in the Annual Governance Statement Action Plan;
- The Annual Governance Statement and associated Action Plan (attached as appendices to the report) – indicating that many of the Council's processes and procedures were compliant with good practice and identifying in the action plan areas where internal controls could be improved, including those issues of most significance which had been included in the Annual Governance Statement.

**\*RESOLVED -**

- (1) That the Annual Governance Statement and Action Plan be approved.
- (2) That it be recommended that the Annual Governance Statement be signed by the Leader and Chief Executive.
- (3) That a review of the Code of Corporate Governance be undertaken in 12 months' time.
- (4) That progress on the Action Plan be monitored by the Corporate Management Team.

**6 PROGRESS REPORTS ON OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**

Pursuant to Minute No. 48 (Standards and Audit Committee 2016/17), the Customer, Commissioning & Change Manager reported progress on the outstanding audit recommendations in respect of procurement, data protection and FOI procedures and IT security.

Online training on procurement was being made available for staff, with priority being given to those staff involved in procurements in the near future. A checklist for sign-off of all procurements by a CMT level manager was being developed. Training for Members was being developed. Work was continuing to publish a contracts register on the Council's website for all procurements over £5,000. The possibility of the Shared Procurement Service dealing with all procurements over £1,000 was being considered.

Arising from Members' questions it was confirmed that using the Shared Procurement Service provided the Council with additional procurement expertise and that any risks of not having in-house specialists were mitigated by the service specification.

An Information Assurance Manager had been appointed, and online training on data protection had been completed by 59% of staff at the end of April. Use of the Information Assets Register would enable all IT systems and assets to be tracked. The Data Protection Policy had been

updated, which was now subject of consultation, with the aim of having it approved in June.

Arising from Members' questions it was confirmed that the online training automatically triggered annual refresher training for staff. Service managers were considering how to ensure all staff were able to complete the training, and the effectiveness of the training would be reviewed as well as considering other awareness raising activities on data protection. The Customer, Commissioning & Change Manager agreed to provide further detail to members of the Committee on the proportion of staff having completed the online data protection training by service area.

Online training on freedom of information (FOI) had been completed by 50% of staff at the end of April.

ICT policies had been reviewed and updated and work was continuing with Arvato to ensure improved IT security, including consideration of revisions to the service contract to ensure system vulnerability was adequately controlled. It was noted that the Council had engaged independent consultants to review its arrangements for managing IT and that the findings and recommendations would be considered by Cabinet.

Members requested that progress on the implementation of the audit recommendations in respect of IT security be reported to a future meeting of the Committee.

Pursuant to Minute No. 48 (Standards and Audit Committee 2016/17), the Director of Finance and Resources reported progress in respect of the outstanding audit recommendations on non-housing property repairs.

Agreement had been reached with Kier to undertake property condition surveys, starting with the largest properties, and to develop 10 year maintenance plans. The Senior Leadership Team would then consider options for the funding and prioritising of the maintenance plans.

Pursuant to Minute No. 49 (Standards and Audit Committee 2016/17), it was reported that all Careline staff in the Falls Response Team, involved in manual handling of people, had received appropriate manual handling training. Members requested that the Health and Wellbeing Manager attend the next meeting of the Committee in September to report progress on the implementation of the audit recommendations on health and safety.

**\* RESOLVED –**

- (1) That the progress reports be noted.
- (2) That progress on the implementation of the audit recommendations in respect of IT security be reported to a future meeting of the Committee.
- (3) That the Health and Wellbeing Manager be requested to attend the next meeting of the Committee in September to report progress on the implementation of the audit recommendations on health and safety.

**7 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF PUBLIC****\* RESOLVED –**

That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**8 SUMMARY OF INTERNAL AUDIT REPORTS ISSUED 2016/17 - MAY 2017**

The Internal Audit Consortium Manager presented a report summarising the Internal Audit reports issued during the period 14 January – 5 May, 2017 in respect of reports relating to the 2016/17 internal audit plan.

The Committee noted that the classification of the reliability of internal controls was 'good' in two cases and 'marginal' in three cases (Payroll, Accounts Payable and Housing Repairs). No issues in respect of fraud had been identified.

Pursuant to Minute No. 4 (Standards and Audit Committee 2016/17), copies of the marginal reports in respect of Payroll, Accounts Payable and Housing Repairs were attached to the report, including an implementation schedule for the recommendations in each area. It was noted that the Corporate Management Team (CMT) was monitoring the implementation of the recommendations.

It was noted that progression of the Construction Industry Solutions (COINS) software system designed for Housing Repairs was being reviewed to assess the current spend and progress against the original budgets and forecasted functionality. In response to Members' questions it was confirmed that CMT was reviewing the processes for the purchasing of software systems.

**\* RESOLVED –**

That the report be noted.