

**STANDARDS AND AUDIT COMMITTEE****Wednesday, 25th July, 2018**

Present:-

Councillor Rayner (Chair)

Councillors Derbyshire

Councillors

Hollingworth

\*Matters dealt with under the Delegation Scheme

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

No declarations were received.

**14 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Caulfield, Bean and Diouf.

**15 MINUTES****RESOLVED –**

The Minutes of the previous meeting of the Standards and Audit Committee held on 23 May and 6 June, 2018 were approved and signed by the Chair as a correct record.

**16 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.

**17 VERBAL UPDATE ON PROCUREMENT**

The Assistant Director – Customers, Commissioning and Change provided a report on the progress of the recommendations presented in the internal audit report on procurement.

Progress was being made - an interim consultant had been appointed to advance the work plan and training of managers had commenced.

The Committee thanked the Assistant Director for attending.

**\*RESOLVED –**

That the update be noted.

**18 NATIONAL AUDIT OFFICE - CYBER SECURITY AND INFORMATION RISK GUIDANCE FOR AUDIT COMMITTEES**

The Monitoring Officer/Senior Information Risk Owner and Information and Assurance Manager attended to present the National Audit Office guidance on cyber security for audit committees.

The National Audit Office guidance recommended how best audit committees could exercise their responsibilities in relation to cyber security. Various checks and tests against which an organisation's cyber security could be assessed were included in the guidance.

Six areas for improvement had been identified by officers for Chesterfield Borough Council.

**\*RESOLVED –**

1. That the report be noted.
2. That an annual update be brought to the Standards and Audit Committee.

**19 LOCAL GOVERNMENT ACT 1972 - RE-ADMISSION OF PUBLIC****\*RESOLVED –**

That after consideration of items containing exempt information, the public be re-admitted to the meeting.

## 20 **SUMMARY OF INTERNAL AUDIT REPORTS ISSUED 2018/19**

The Internal Audit Consortium Manager presented a report summarising the internal audit reports issued during the period 1 April 2018 to 15 June 2018, in respect of reports issued relating to the 2018/19 internal audit plan.

It was noted that five reports had been issued during this period and had been given the following levels of assurance:

- 'Substantial Assurance' – 1
- 'Reasonable Assurance' – 2
- 'Limited Assurance' – 2

The Committee welcomed the Assistant Director – Commercial Services to discuss the Limited Assurance audit report on 'OSD Property Safety Inspections' issued on 16 May, 2018.

The Assistant Director provided a verbal update on each recommendation and how they were being addressed. Members were advised that as per the Implementation Schedule, at Appendix C of the officer's report, all but one of the recommendations had been accepted. Recommendation 11 had not been accepted and the Assistant Director explained this was because the work was currently subcontracted to a HEATAS qualified organisation.

The Committee thanked the Assistant Director – Commercial Services for attending.

The Committee welcomed the Assistant Director – Housing and the Careline and Support Service Manager to discuss the Limited Assurance audit report on 'Careline' issued on 25 May, 2018.

It was noted that all of the recommendations within the Implementation Schedule, at Appendix D of the officer's report, had been accepted. Members received a verbal update on how each recommendation had been addressed.

The Committee thanked the Assistant Director – Housing and the Careline and Support Service Manager for attending.

**\* RESOLVED –**

1. That the report be noted.
2. That OSD Property Safety Inspections be included in the 2019/20 internal Audit.
3. That an OSD Property Safety Inspections progress update be brought to the committee meeting on 28 November, 2018.
4. That properties with a change of tenant in the last 18 months be reinspected if the safety inspection for carbon monoxide and smoke alarms has not been fully documented.
5. That all smoke detector and carbon monoxide testing be fully documented and recorded on the keystone system over the next cycle.

**21 INTERNAL AUDIT CHARTER**

The Internal Audit Consortium Manager submitted a report detailing the results of the Internal Audit Charter review.

The Public Sector Internal Audit Standards (PSIAS) required the head of internal audit to periodically review the Charter and for the findings to be presented to the Standards and Audit Committee. It was agreed that the Charter be reviewed every 2 years, the Charter was last formally approved in June 2016.

The current Charter had been reviewed and was found to be fit for purpose with no updates required.

**\* RESOLVED –**

That the report be noted.

**22 AUDIT REPORT ON THE 2017/18 STATEMENT OF ACCOUNTS**

The Director of Finance and Resources submitted a report on the Statement of Accounts for 2017/18, the 'Letter of Representation' and the External Auditor's 'Report to those Charged with Governance'.

The audited Statement of Accounts was attached to the report at Annexe 1 and included the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund, the Disclosure Notices and the Annual Governance Statement.

The Council's external auditors were required to obtain written representations from management in respect of fraud, compliance with laws and regulations, contingent liabilities, related party disclosure and post balance sheet events in the form of a letter of representation. The letter was attached to the report at Annexe 3.

The external auditor was required to 'communicate audit matters to those charged with governance', i.e. the Standards and Audit Committee, and a copy of the external auditor's report was attached to the report at Annexe 3. Mr Richard Walton of KPMG attended the meeting to present the External Auditor's 'Report to those Charged with Governance'.

The report confirmed that following the audit of the accounts a small number of presentational adjustments had been agreed but that these were not considered to be material. The external auditor's report also included the Value For Money (VFM) conclusion and identified one VFM Significant Risk: 'Delivery of Budgets'. It was explained that this conclusion arose from concerns about the reductions in local authority funding alongside service cost and demand pressures.

**\* RESOLVED –**

1. That the Statement of Accounts for 2017/18 be approved.
2. That the Management Letter of Representation be approved and signed by the Chair.
3. That the Report to those Charged with Governance be noted.
4. That a note of thanks be sent on behalf of the Chair and Committee to all persons involved in the production of the Statement of Accounts and its supporting documents.

## **23 RISK MANAGEMENT STRATEGY AND ANNUAL REVIEW**

The Director of Finance and Resources submitted a report on risk management developments during the year 2017/18 and recommended for approval the updated Risk Management Policy, Strategy and Corporate Risk Register for 2018/19.

Extensive work had been carried out in early 2017 to complete 'fact finding' documentation supplied to be used in an insurance tender for all policies. Contracts had been awarded for seven years with an option for the Council to cancel the contract at the end of either year 3 or year 5. This process enabled the Council to achieve annual savings of £187k per annum while maintaining the levels of cover and excesses.

The Committee were informed of the key risks that the Council had faced during 2016/17, as set out in paragraph 7.1 of the officer's report, and were advised of the work undertaken to mitigate the risks.

### **\* RESOLVED –**

1. That the progress made on developing the Council's approach to risk management during 2017/18, be noted.
2. That the Committee recommends that full Council approve the Risk Management Policy, Strategy and the Corporate Risk Register for 2018/19.

## **24 CONSTITUTION UPDATES - FINANCIAL LIMITS**

The Monitoring Officer submitted a report to seek member approval for updates to the Council's Constitution. The current form of the Constitution had been in place since the early 2000s and had followed a standard Government model proposed at the time.

The report noted that the Constitution required changes and updates when necessary to ensure that it reflects current Council practices, functions and structures, as well as enabling efficient working of the authority.

The report recommended changes to the financial thresholds, delegated complaint compensation limits and housing land decisions contained within the Constitution, as listed in paragraph 6 of the officer's report.

**\* RESOLVED –**

1. That the changes to financial thresholds, delegated complaint compensation limits and housing land decisions be agreed.
2. That the other updates to the Constitution be noted.
3. That the current published version of the Constitution be confirmed.
4. That the Committee recommends Cabinet and full Council approve the updated Constitution.

**25 POLITICALLY RESTRICTED POSTS**

The Monitoring Officer presented a report to inform members about the current review of politically restricted posts.

The report detailed the background of politically restricted posts and the different types of political restrictions, either by law or duties, in paragraph 4 of the officer's report.

Until the Localism Act 2011 and the abolition of the legal requirement of local authorities to have a Standards Committee, the Committee had various roles in relation to politically restricted posts. The 2011 Act inserted a new Section 3A in the 1989 Act which vested these roles in the authority's Chief Executive. The Constitution had been amended accordingly.

**\* RESOLVED –**

1. That the report be noted.
2. That the amendments to the Constitution be confirmed.

**26 ANNUAL SELF-ASSESSMENT OF THE STANDARDS AND AUDIT COMMITTEE / CIPFA'S AUDIT COMMITTEES PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES AND POLICE 2018 EDITION**

The Internal Audit Consortium Manager discussed progress of the actions in the Standards and Audit Committee Self-assessment Action Plan, June 2017 with the Committee.

The Committee carried out the self-assessment questionnaire which showed that the overall performance of the Committee was positive.

**\*RESOLVED –**

1. That the results of the self-assessment be noted.