

STANDARDS AND AUDIT COMMITTEE**Wednesday, 22nd July, 2020**

Present:-

Councillor Rayner (Chair)

Councillors Caulfield
Brady
KellmanCouncillors T Murphy
Snowdon
Brittain

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

56 APOLOGIES FOR ABSENCE

No apologies for absence were received.

57 MINUTES**RESOLVED –**

That the Minutes of the meetings of the Standards and Audit Committee held on 5 May and 2 July, 2020 be approved as a true record and be signed by the Chair.

58 INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2019/20

The Internal Audit Consortium Manager presented the Internal Audit Consortium Annual Report in respect of Chesterfield Borough Council for 2019/20.

The report provided a summary of the internal audit work undertaken during the year and included reference to the impact of Covid-19 on the timeliness of the completion of the 2019/20 internal audit plan.

Members were informed that 29 reports had been issued during the year, details of which were included at Appendix A of the officer's report, and a summary of the overall assurance levels for these reports was shown at paragraph 3.4 of the officer's report.

The report included the Internal Audit Consortium Manager's opinion that reasonable assurance could be provided on the overall adequacy and effectiveness of the Council's framework for governance, risk management and control for the 2019/20 year, with the exception of procurement policies and procedures. Paragraphs 3.16 and 3.17 of the officer's report provided details of the issues to be included in the Annual Governance Statement and Action Plan, with procurement policies and procedures being identified as a significant governance issue.

The report also included details of compliance with the Public Sector Internal Audit Standards, other quality control procedures and performance against the current Internal Audit Charter.

***RESOLVED –**

That the report be noted.

59 REVIEW OF THE CODE OF CORPORATE GOVERNANCE AND THE ANNUAL GOVERNANCE STATEMENT

The Internal Audit Consortium Manager presented a report to review the Council's compliance with the Code of Corporate Governance requirements during 2019/20 and to present the Annual Governance Statement and associated Action Plan.

The annual review of the Code of Corporate Governance, attached at Appendix A to the officer's report, showed that compliance had largely been achieved in 2019/20. However, there were a number of significant issues that needed to be addressed and these were included in the Annual Governance Statement and Action Plan, attached at Appendix C and Appendix D respectively to the officer's report.

The Corporate Management Team had been involved in the review, and the Annual Governance Statement had been updated to include the impact of Covid-19 on the Council's governance arrangements. The report had been considered by Cabinet at its meeting on 14 July, 2020 (Minute No. 157).

Arising from Members' questions it was agreed that the report be further considered within the exempt part of the meeting prior to the decision being taken in the reconvened public part of the meeting.

60 **NEW DRAFT LGA MODEL CODE**

The Monitoring Officer presented a report informing Members of the Local Government Association (LGA) draft model code of conduct for Members and seeking initial comments on the proposals.

Following the Committee on Standards in Public Life report in 2019 the LGA draft model code, attached at Appendix 1 to the officer's report, had been published for consultation in May, 2020.

It was noted that the draft was similar to the Council's current code. Members expressed reservations about the use of the term 'civility', rather than 'respect'. A further report would be submitted to the Committee once the model code had been finalised.

***RESOLVED –**

1. That the report be noted.
2. That the comments of Members be included in feedback to the LGA as part of its consultation on the draft model code.

61 **REVIEW OF EMERGENCY DELEGATED DECISION MAKING PROCESS**

The Monitoring Officer presented a report to enable Members to review the efficacy of the revised procedures previously agreed by the Committee (on 19 March, 5 May and 2 July, 2020) in respect of legal measures during the Covid-19 pandemic, including the facility for remote Member meetings.

The report referred to the use of the emergency delegations having been reported to the meeting of full Council held on 15 July, 2020, the holding of remote meetings of Committees, including public speaking at meetings of regulatory committees and the full Council, and the proposed dates for the rearranged Annual Business Meeting and Annual Council Meeting in October, 2020. The report also referred to the revised arrangements for

the execution of deeds, emergency procurement and officer delegations in respect of licensing pavement seating outside cafes and licensed premises and applications to vary construction hours on non-residential developments (in preparation for the enacting of the Business and Planning Bill).

Members recognised that the measures had operated effectively in the circumstances of the pandemic and expressed the hope that they would only remain as temporary measures whilst necessary.

***RESOLVED –**

That the report be noted.

62 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 items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

63 SUMMARY OF INTERNAL AUDIT REPORTS ISSUED AND PROGRESS UPDATE

The Internal Audit Consortium Manager presented a report summarising the internal audit reports issued during the period 11 January to 26 June, 2020, in respect of reports issued relating to the 2019/20 and 2020/21 internal audit plans.

It was noted that 11 reports had been issued during this period with the following levels of assurance:

- 'Substantial Assurance' – 4
- 'Reasonable Assurance' – 5
- 'Limited Assurance' – 1
- 'Inadequate Assurance' - 1

A summary of these reports was attached at Appendix A to the report and a summary of the main issues of the limited assurance (Gifts, Hospitality and Personal Interests) and inadequate assurance (Procurement) reports

was attached at Appendix B with the full reports for these at Appendices C and D respectively.

The committee was informed that no fraud had been discovered.

In respect of the Gifts, Hospitality and Personal Interests report it was noted that the Corporate Management Team would consider the process for improving the level of staff awareness, and it was suggested that an online learning module be developed.

In respect of the Procurement report the Assistant Director - Customers, Commissioning and Change explained that consideration was being given to whether the existing long-term improvement plan for the service was sufficient to achieve the desired improvements. It was noted that concerns remained in respect of the performance of the contract with Derbyshire Support and Facilities Service (DSFS) and that a report would be submitted to Cabinet in September / October on the contract arrangements and a new procurement strategy. It was also explained that some of the Council's internal capacity had recently been redirected in responding to the Covid-19 pandemic, but that more resource was now being made available to support services on procurement.

The Assistant Director explained that plans were in place to improve procurement training for managers and to ensure the contracts register and documentation were up-to-date, although this would take three years to fully achieve.

Members expressed concern that a procurement strategy had not yet been agreed, that current systems were not achieving the required standards and that this had been identified as an area of concern by internal audit and within the Annual Governance Statement repeatedly over a number of years.

The Committee considered how it could support the work on procurement to be progressed, including monthly written reports to the Chair and Committee Members, reports to each meeting of the Committee and inviting the Chief Executive or Executive Director to the next meeting of the Committee. The Cabinet Member for Governance invited the Chair to meet with her and the Executive Director to consider progress.

*** RESOLVED –**

1. That the report be noted.
2. That regular monthly written reports on progress be distributed to the Chair and Members of the Committee and that reports be submitted to each meeting of the Committee.
3. That the Chief Executive be invited to attend the next meeting of the Committee to present the progress report.

64 REVIEW OF THE CODE OF CORPORATE GOVERNANCE AND THE ANNUAL GOVERNANCE STATEMENT

Further to Minute No. 59 above, it was proposed that an amendment be made to the Annual Governance Statement, attached as Appendix C to the officer's report.

***RESOLVED –**

That the following paragraph be added to the Annual Governance Statement after the first paragraph under 'Significant Governance Issues':

“At its meeting on 22 July 2020 Standards & Audit Committee registered its serious concerns around issue No. 5 below (procurement). The Committee was disappointed to see that recommendations first made by the Internal Audit Consortium in their report dated 6th April 2018 are yet to be fully implemented. Furthermore it noted that the lack of progress appears persistent, and has been identified in the authority's Annual Governance Statement, or in the Annual Governance Statement Action Plan, as an area of concern every year since 2013/14. The Committee therefore asked that the audit recommendations for procurement are implemented as a matter of urgency.”

65 LOCAL GOVERNMENT ACT 1972 - READMISSION OF PUBLIC**RESOLVED –**

That, following the consideration of exempt information, the public be readmitted to the meeting.

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

***RESOLVED –**

1. That, the Annual Governance Statement, as amended at Minute No. 64 above, and the Action Plan be approved.
2. That the Leader and the Chief Executive be recommended to sign the Annual Governance Statement, as amended, and Action Plan.
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.