

STANDARDS AND AUDIT COMMITTEE

Wednesday, 22nd June, 2016

Present:-

Councillor Rayner (Chair)

Councillors A Diouf
Caulfield

Councillors Derbyshire

*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**

Apologies for absence were received from Councillors Brown and Sarvent.

3 **MINUTES**

RESOLVED –

That the minutes of the Standards and Audit Committee meeting held on 6 April, 2016 be approved as a true record.

4 **SUMMARY OF INTERNAL AUDIT REPORTS ISSUED - JUNE 2016**

The Internal Audit Consortium Manager presented a report summarising the Internal Audit reports issued during the period 10 March, 2016 to 20 May, 2016 in respect of reports issued relating to the 2015/16 and 2016/17 internal audit plans.

The Committee noted that the classification of the reliability of internal controls was 'good' in two cases, 'satisfactory' in three cases, 'marginal' in one case (procurement) and 'unsatisfactory' in two cases (data protection

and non-housing property repairs). No issues in respect of fraud had been identified.

It was explained that there had been some progress in respect of procurement since the previous 'unsatisfactory' classification following the Council joining the shared NHS based procurement service with other local authorities. Work had commenced on a combined Procurement Strategy, a forward plan of future procurements had been put in place and working arrangements were being embedded. Further training for Council staff involved in procurement was being arranged to be held from September.

In respect of data protection it was explained that whilst there had been some improvements since the audit in 2015, further work was required to ensure that all recommendations were implemented. Responsibility at Corporate Management Team level would be taken by the recently appointed Customer, Commissioning & Change Manager, working with the Monitoring Officer as the Council's Information Risk Owner. An Information Assurance Officer was due to take up post in July to progress the production of an Information Governance Framework and development plan, including updated policies and focused training. It was noted that consideration would need to be given to the European Data Protection Regulations to be implemented by 2018.

It was suggested that a full list of procurements and instances of procurement standing orders being waived could be provided for the Committee.

In respect of non-housing property repairs it was noted that a draft programme was in place and that the Corporate Asset Management Group would be taking a more active role in steering this.

The Committee asked that progress reports be provided in respect of non-housing property repairs at its September meeting and in respect of data protection at its November meeting. It also requested that the full audit report be provided to the Committee where there was a 'marginal' classification and that the relevant officers be asked to attend the Committee where there was an 'unsatisfactory' classification.

***RESOLVED –**

- (1) That the report be noted.

- (2) That progress on the implementation of the audit recommendations in respect of non-housing property repairs be reported to the next meeting of the Committee in September.
- (3) That progress on the implementation of the audit recommendations in respect of data protection be reported to the November meeting of the Committee.
- (4) That when the summary of internal audit reports is presented to the Committee in future the full audit report be provided where there was a 'marginal' classification and that the relevant officers be asked to attend where there was an 'unsatisfactory' classification.
- (5) That a full list of procurements and instances of procurement standing orders being waived be provided for the Committee.

5 INTERNAL AUDIT CONSORTIUM ANNUAL REPORT - 2015/16

The Internal Audit Consortium Manager presented the Internal Audit Consortium Annual Report in respect of Chesterfield Borough Council for 2015/16.

The report covered:

- a summary of the internal audit work undertaken during 2015/16 – 32 reports completed, with 84.4% receiving a 'good' or 'satisfactory' opinion;
- an opinion on the overall adequacy and effectiveness of the Council's control environment, which was generally found to be operating satisfactorily or well;
- any issues for inclusion in the Annual Governance statement – data protection, non-housing property repairs, and procurement had been included as significant governance issues, and areas for improvement in respect of IT provision and security had been raised;
- a comparison of actual work undertaken with planned work – 100% of planned audits had been completed;

- comments on compliance with the Public Sector Internal Audit Standards (PSIAS) and on the results of the quality assurance programme – a self-assessment had confirmed that there were no significant areas of non-compliance with PSIAS;
- a review of progress against the Internal Audit Improvement Plan and a new improvement plan – the existing improvement plan had been completed, with the exception of the external review of internal audit, which would now take place later in the year;
- 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.

In response to questions from Members, it was confirmed that regular reports were provided to the Corporate Management Team (CMT) on outstanding audit recommendations, and it had been agreed that Internal Audit and CMT would take a more active role in monitoring the implementation of audit recommendations. It was noted that Internal Audit worked with managers in prioritising and agreeing realistic timescales for implementation of recommendations and identifying any resource implications.

***RESOLVED –**

- (1) That the Internal Audit Consortium Annual Report for 2015/16 be noted.
- (2) That it be noted that the issue of implementing internal audit recommendations in a timely fashion had been raised at CMT and measures discussed to improve the situation.
- (3) That Internal Audit report progress on the implementation of audit recommendations to Standards and Audit Committee, in addition to CMT.

6 INTERNAL AUDIT CHARTER

The Internal Audit Consortium Manager presented a report recommending the approval of the updated Internal Audit Charter

following revision of the Public Sector Internal Audit Standards (PSIAS) in April 2016.

The Internal Audit Charter had most recently been approved by Standards and Audit Committee in September 2015 (Minute No. 18 (2015/16)), when it had been agreed that the Charter would be reviewed every two years.

However, the PSIAS had been updated in April 2016 to introduce a mission statement for internal audit and to adopt ten core principles for the professional practice of internal auditing. The Internal Audit Charter had therefore been updated to reflect these changes and was attached as an appendix to the report.

***RESOLVED –**

- (1) That the outcome of the review of the Internal Audit Charter be noted.
- (2) That the updated Internal Audit Charter be agreed.
- (3) That the Internal Audit Charter be reviewed in two years' time, or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

7 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 2015/16 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 Annual Review of compliance with the Local Code of Corporate Governance requirements for 2015/16 (attached as an

appendix to the report), showing that compliance had largely been achieved, with those areas of partial compliance being addressed in the Annual Governance Statement Action Plan;

- The Annual Governance Statement and associated Action Plan (attached as appendices to the report) – the Plan would be monitored by Corporate Management Team with a six-monthly report to Standards and Audit Committee.

***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.

8 EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

Mr Tony Crawley of KPMG presented the external audit progress report as at June 2016 and a technical update on recent publications from KPMG, the National Audit Office and CIPFA and announcements from the Department for Communities and Local Government.

The audit of the final accounts was due to commence in July and would focus on the material disclosures within the financial statements and significant risks around new bank accounts and National Non-Domestic Rates appeals provisions.

Risk assessment on the value for money conclusion was ongoing and would focus on the arrangements in place to maintain the Council's record of meeting efficiency savings to address national funding changes.

***RESOLVED –**

That the External Audit Progress Report be noted.