

GOVERNANCE AND AUDIT COMMITTEE

27 JUNE 2017

Present:- Councillor Barlow (Chair), Councillor Graham, Councillor Harris, Councillor F Maclean, Councillor Willetts

56. Minutes

Amendments to the attendance for the meeting held on 24 May 2017, which did not reflected those who were present at the meeting were announced by the Chairman.

RESOLVED that

- a) the minutes of the meeting held 7 March 2017 were confirmed as a correct record.
- b) Following the amendments the minutes of the meeting held on 24 May 2017 were confirmed as a correct record.

57. Annual Audit & Certification Fees

Steve Heath, Finance Manager, introduced the Annual Audit and Certification Fees report. The report requests that the Committee consider and note the indicative audit and certification fees for 2017/18. Dan Cooke, Assistant Manager, Ernst and Young was also in attendance as the new Council auditor.

Steve Heath stated that the report sets out the indicative audit and certification fees for 2017/18. These are the fees that the Council will be charged during next year for the work carried out by Ernst and Young. The report also provides the Committee with a summary of the intended work.

Dan Cooke informed the Committee that the cost of certification fees for the housing benefit subsidy claim is to be confirmed awaiting the Public Sector Audit Appointments (PSAA) to set the 2015/16 benefit certification fee on which the 2017/18 fee is based. Dan Cooke stated that the Committee would be informed when this had been confirmed which is likely to be October or November.

Councillor Barlow welcomed Dan Cooke as the new external auditor for Colchester Borough Council.

RESOLVED that the Annual Audit and Certification Fees be noted.

57. Review of Meetings and Ways of Working

Councillor Harris (by reason of being a Member of the Member Development Group) declared a non-pecuniary interest in the following item pursuant to the provision of

Meetings General Procedure Rule 7 (5)

Matthew Sterling, Assistant Director (Policy and Corporate) and Richard Clifford, Democratic Services Officer, introduced the Review of Meetings and Ways of Working report. The report concerns the work completed to date on the review of meetings and ways of working and includes recommendations for the next steps of the review.

Matthew Sterling informed the Committee that the review had been taking place over the last municipal year. The original aims of the review were to improve public participation and make meetings more accessible. As part of the review Councillors were invited to an informal meeting, three drop-in sessions were held for members of the public and an online survey was created. This report followed on from the previous update provided to the Committee in March 2017 and included a number of recommendations.

Matthew Sterling provided the Committee with a summary of the recommendations that were included within the report. Matthew Sterling suggested that the Governance and Audit Committee may wish to consider what criteria should be used to assess whether the sixth month trial of meetings had been successful.

Councillor Barlow thanked the former Chair of the Governance and Audit Committee, Councillor Pearson, for his work on the Review of Meetings and Ways of Working. Councillor Barlow also thanked the work of officers in arranging the review and attending the drop-in sessions.

Councillor Barlow proceeded through the recommendations provided within the report. The Committee agreed with the recommendations regarding provision of equipment for Councillors and trialling digital agendas. Councillor Willetts questioned whether a contingency plan was in place if a device fails or runs out of power during a meeting, and whether if devices did fail a Committee meeting would need to be adjourned. Matthew Sterling informed Committee members that a contingency plan would be devised during the trial of digital agendas. Safeguards could include the provision of small portable charger packs for devices. Committee members were also informed that the digital agenda application, MyCMIS, did not require an active Wi-fi connection as agendas are automatically downloaded.

The Committee agreed the recommendation to Council that all meetings be audio streamed. Councillor Maclean questioned whether statistics on the number of listeners would be available. In response Richard Clifford confirmed that statistics for the number of listeners were available and could be reported to the Committee if requested.

Committee members agreed with the introduction of report templates and agenda templates, and agreed the recommendation to Council to allow for the public speaker to speak for an additional minute in order to ask a supplementary question. Councillor Graham questioned whether there were deadlines for responses to those questions that cannot be answered at the meeting. Richard Clifford informed the Committee that it is common practice that a response is provided as soon as possible and that a report was provided to Cabinet that report on the progress of responses to members of public.

The proposal to trial the Governance and Audit Committee start time at 7pm was agreed by the Committee. Committee members discussed different methods of measuring the success of later start time. This included noting the attendance by members of the public and Councillors at the Committee meeting, as well as conducting a survey with Committee

members. It was also suggested that later start times may require shorter speeches from Councillors and greater work programme management to ensure meetings do not last too long.

Councillor Lilley

Councillor Lilley attended the meeting to speak about the issue of improving the members' room. Councillor Lilley stated that he could not agree to the Council spending money on upgrading the members' room when there are residents in Colchester who are struggling financially.

Councillor Lilley did suggest that Councillor mailboxes in the Town Hall could be removed or relocated to political group rooms. However, it would not be the right time to invest in furniture or painting the members room. Councillor Lilley also highlighted that there may be scope for ceasing the delivery service with the move to using digital agendas.

Committee Discussion

The Committee discussed the members' room improvements as costed within the report. Whilst there was acknowledgement that having a space for members to meet and discuss agendas informally would be beneficial, the cost of the improvements were deemed too high, particularly in the current financial climate. It was suggested that there could be improvements without the significant cost, such as removal of Councillor Mailboxes and installation of charging points. The Committee agreed that the issue be referred to the Group Leaders for further consideration by the political groups.

The Committee discussed the methods of increasing social media activity and agreed with the proposals included in the report. With regard to member training, Committee members were supportive of the aim to increase the level of training for Councillors, and also raised questions about whether sanctions should be considered for those Councillors who don't attend training events and what other local authorities do.

RESOLVED;

- a) that the Committee note that Officers will continue to loan IT equipment to Councillors who do not currently have a suitable device to enable the digital agenda trial to proceed.
- b) To *RECOMMEND* to Council that all meetings be audio streamed and to facilitate this the Council enter into a contract with Audiominutes
- c) That the contents of the report templates and agenda templates be implemented across all Committees.
- d) To *RECOMMEND* to Council that the Meetings General Procedure Rules be amended to allow a public speaker to speak for an additional minute in order to ask a supplementary question or make a further comment during Have Your Say! Arrangements.
- e) That the Governance and Audit Committee review implications of later start times following a six month trial.
- f) That Group Leaders further consider options for improving the members' room.
- g) That a more proactive approach be taken to the promotion of Council meetings via Social Media
- h) To *RECOMMEND* to the Member Development Group that it consider the issue of mandatory training for Councillors and report to Cabinet by December 2017.

58. Draft Annual Statement of Accounts 2016/17

Steve Heath, Financial Manager, introduced the Draft Statement of Accounts 2016/17 reports. The report requests that the Committee considers the report relating to the pre-audit Statement of Accounts for 2016/17 and consider the proposal for a separate internal briefing session for the Committee prior to the scheduled meeting for approval of the audited accounts on 25 July 2017.

Steve Heath stated that the report provides an overview of the process of approving the Statement of Accounts for 2016/17. The Council are working towards the tighter deadline of 31 July in advance of the date becoming statutory during the next municipal year.

Steve Heath confirmed that the draft Statement of Accounts had been placed on the Council's website on 31 May, and that a link to the document was included within the report for Committee members and members of the public. The formal inspection period began on 5 June and will finish during July. Steve Heath also informed Committee members that the format of the accounts has been changed, with the 2016/17 Code of Practice on Local Authority Accounting requiring authorities to report based on the way in which they operate and manage services and introduces the Expenditure and Funding Analysis. This provides for a clear link between the final outturn, which was reported to the Scrutiny Panel on 13 June and the audited financial statements.

Steve Heath also highlighted to the Committee the intention to hold an internal briefing session on the Statement of Accounts for those who will be attending the Committee meeting to approve the Statement of Accounts. The briefing session is scheduled for 20 July and all Councillors are welcome to attend. Steve Heath requested that if Committee members have any specific questions to highlight them in advance.

Councillor Barlow requested that those Councillors who will be attending the next Governance and Audit Committee attend the Statement of Accounts briefing.

RESOLVED that;

- a) the committee considered the report relating to the pre-audit Statement of Accounts for 2016/17
- b) the Committee agree to the proposal for a separate internal briefing session for the Committee prior to the scheduled meeting for approval of the audited accounts on 25 July 2017.

59. Year End Internal Audit Assurance Report 2016/17

Hayley McGrath, Corporate Governance Manager, introduced the Year End Internal Audit Assurance Report. The report requests that the Committee review and comment on internal audit activity for the period 1 October 2016 – 31 March 2017 and the performance of internal audit by reference to national best practice benchmarks.

Hayley McGrath informed the Committee that an effective review by the Council's internal auditors, Mazars, has taken place. Audits on the IT Civica application and Business Continuity Planning have changed from Substantial to Limited, and the audit on Creditors has reduced from Full to Substantial. Hayley McGrath provided additional information on the recommendations made as a result of the audits, which have all been agreed by management. Hayley McGrath informed the Committee that a total of 48 audit days will be carried over to the next financial year.

Hayley McGrath also stated that there are a number of audits which are carried out by Colchester Borough Homes or the Council which impact on the other organisation. The reports of these audits are reported to both organisations and referred to as joint audits.

Councillor Barlow requested further information about the Creditors audit which reduced from Full to Substantial. In response Hayley McGrath stated that a Full audit rating is difficult to achieve, and the reduction to Substantial is a result of one recommendation being issued at level 2.

Councillor Willetts questioned whether the Council fully tests the backup and recovery systems rather than just desktop exercises. Hayley McGrath stated that each system is specific, checks on the backup and recovery systems are done on a regular basis. The housing system is fully tested, with systems being brought offline and recovered. With regard to the Civica system, this is a legacy system that is going to be replaced in the near future. Work is being undertaken with ICT to ensure that transferring to the new system is in line with the recommendations issued as part of the business continuity audit.

RESOLVED that the Committee reviewed and commented on the internal audit activity for the period 01 October 2016 and 31 March 2017 and the performance of internal audit by reference to national best practice benchmarks.

60. Review of the Governance Framework and Draft Annual Governance Statement

Hayley McGrath, Corporate Governance Manager, introduced the review of the Governance Framework and Draft Annual Governance Statement. The report requests the Committee consider and note the review of the Council's compliance with the seven principles of good governance (CIFPA Internal Framework: Good Governance in the Public Sector 2014) including the review of effectiveness of the internal control arrangements. The report so requests that the Annual Governance Statement 2016/17 be approved.

Hayley McGrath confirmed that there was an obligation to review the Annual Governance Statement annually as part of the Accounts and Audit Regulations 2015. The internal audit process forms a significant part of this, and the overall audit opinion of substantial assurance is included within the report.

Hayley McGrath also informed the Committee that as part of the Governance reviews, meetings are held with senior managers and key officers to establish whether there are any issues and to ensure compliance with the seven principles of corporate governance. Hayley McGrath confirmed that there were no governance issues during the year, but there were a number of areas where the controls could be improved as a result of issues identified through the internal audit.

The Governance and Audit Committee will receive an update on the Annual Governance statement and progress on the action plan, which addresses the requirement for improved controls, later in the municipal year.

Councillor Willetts requested clarification on the increase in number of audit projects with a limited assurance level. Hayley McGrath stated that all issues identified are theoretical risks of systems failing and that there had been no indication of any of the risks coming to fruition. The number of limited assurance levels increasing is due in part to managers

raising concerns and asking for assistance in improving processes.

In response to a question from Councillor Harris regarding ISAE 3402, Hayley McGrath confirmed that this is a standard required by the payroll contractor which would provide assurance to Colchester Borough Council. The Council has been informed verbally that there are no issues however the statement is required and this is being monitored. If the statement is not received by the end of July this will be reported to the Executive Management Team to take further. Ann Hedges provided the Committee with an update regarding the new payroll system which is being rolled out.

RESOLVED that;

- a) the Committee considered and noted the review of the Council's compliance with the seven principles of good governance including the review of effectiveness of the internal control arrangements.
- b) The Annual Governance Statement for 2016/17 be approved.

61. Work Programme 2017-18

Councillor Barlow, introduced the Work Programme 2017-18. The report requests that the Committee note the content of the Committee's Work Programme for 2017-18.

Councillor Barlow highlighted the schedule of the routine work of the Committee and also suggested that an item on elections, focusing on engagement and local democracy week be scheduled on the work programme. Councillor Barlow felt that this would lead on from the work that the Review of Meetings and Ways of Working had done so far.

Councillor Harris raised the issue of the October Governance and Audit Committee meeting possibly containing too many items. The Committee were minded that some of the items could be moved to September or October.

RESOLVED that the Work Programme be noted.