

# GOVERNANCE AND AUDIT COMMITTEE

## 16 JANUARY 2017

*Present:-* Councillor Barlow (Chair), Councillor Chillingworth, Councillor Harris, Councillor F Maclean and Councillor Willetts

*Substitutes:-* Councillor Cope for Councillor Graham

### **88. Minutes**

*RESOLVED* that the minutes of the meeting held 28 November 2017 were confirmed as a correct record.

### **89. Certification of Claims and Returns – Annual Report 2016/17**

Steve Heath, Finance Manager, Kevin Suter, Associate Partner at Ernst and Young and Dan Cooke, Audit Manager, Ernst and Young attended the meeting to introduce the report. The report requests that the Committee note and comment on the contents of the 2016/17 Certification of Claims and Returns annual report from the external auditor.

Dan Cooke provided the Committee with a summary of the work undertaken to assess the housing benefits claim which has a total value of approximately £55m. Dan Cooke stated that Ernst and Young follow the audit methodology as set out by the Department of Work and Pensions. Ernst and Young test 20 housing benefit cases across the three main areas, rent rebates, rent allowances and non-HRA. One error was identified and therefore '40+' testing was conducted. As a result of this additional testing a further six errors were found. Extrapolating this error rate across the full housing benefit subsidy would highlight an error equating to an overstatement estimate of £75,000. This does not directly impact the claimants involved, but the Council is informed and the Council may also have to pay money back to the Department of Work and Pensions. Dan Cooke confirmed that the error found was manual, and that it is not unusual for errors to be found.

Dan Cooke also confirmed that £4,005 of audit fees were returned to the Council, as it performed the initial housing benefit test rather than the external auditors. Dan Cooke highlighted that the report included a recommendation that risk based verification policy should be reviewed annually. This was not verified during 2016-17 and therefore it is recommended that the policy be formally reviewed during 2017-18.

With regard to the housing pooling return, this work is underway and on track for the deadline at the end of January 2018. To date there are no issues that have been identified.

A member of the Committee asked the external auditors how this error rate compared with other local authorities. In response Kevin Suter stated that the Councils performance is good and that there are other Councils that have a higher error rate. In terms of the total

extrapolated figure of £75,000, this is not comparable as it depends on the value of the source error. Kevin Suter also provided confirmation that where an error is found the Council is informed, and then the Council takes steps to rectify that error.

In response to a question about the statistical validity of the audit, Kevin Suter stated that the audit provide does not claim to be statistically representative. The methodology for the audit is from the Department of Work and Pensions, and this is not set out to be statistically representative, but does provide an indication of the number of errors that could be found. The Committee acknowledged that this would be an issue to raise with the Department of Work and Pensions rather than the auditors, if they felt the system should be changed.

*RESOLVED* that the contents of the 2016/17 Certification of Claims and Returns annual report be noted.

## **90. Review of Meetings and Ways of Working update**

Andrew Weavers, Monitoring Officer and Richard Clifford, Democratic Services Officer, attended the meeting to present the report. The report requests that the Committee note the progress made to date on the Review of Meetings and Ways of Working and to consider whether to make a recommendation to Council in respect of the Review of Meetings and Ways of Working.

Andrew Weavers introduced the report and provided the Committee with a summary of the information included. Andrew Weavers highlighted that this was the first meeting using digital only agendas as part of the three month trial. It was anticipated that including the £1,500 cost of loaned devices to Councillors, the trial would save approximately £750.

Andrew Weavers informed the Committee that it is not currently possible for Councillors to use video conferencing to participate in meetings, but that Officers can do so. Andrew Weavers did highlight that the Government held a consultation two years ago about whether Joint Committee members could attend through video conferencing, which required Committee members access video conferencing in a public building to participate. The North Essex Parking Partnership provided a response to the consultation, but the results have yet to be published.

With regard to meeting start times, Andrew Weavers confirmed that there was a small number of additional responses to the survey prior to the meeting. This did not change the meeting start time preference, with a clear majority in favour of a 6pm start time. The Committee were also made aware that if a start time change was proposed, a recommendation would need to be made to Cabinet.

Andrew Weavers also informed the Committee that the additional supplementary minute for Have Your Say has been introduced to all non-quasi-judicial Committees. Anecdotal evidence from members of the public suggest that they welcome the opportunity to ask a supplementary question.

With regard to members training, a report will be discussed at the January Cabinet meeting. The Committee were also informed that there has been no update from the Group Leaders with regard to the members' room issue and that there is currently no budget for improvements.

The Committee welcomed the report and the work undertaken to date. Confirmation was

provided that the ICT equipment provided to Councillors would need to be returned when their term of office expired.

A member of the Committee raised a query regarding the environmental impact of devices. In response it was confirmed that additional information on recycling devices and information on the overall environmental impact of a move to digital agendas could be included in the report due at the end of the digital agendas trial.

With regard to digital agendas, some members were of the opinion that the Council should push forward and adopt digital agendas as soon as possible, given that other Councils are further ahead in rolling this out. However, it was agreed that the best process would be for the trial to take place before a report is brought to the June Governance and Audit Committee and then brought to the Full Council meeting in July. It was suggested that Democratic Services Officers contact Councillors on other Committees to provide advice on how they begin to access digital agendas, if they wished to do so.

As part of the meeting start time discussion, Committee members acknowledged that of those who responded, the majority of Councillors wished for start times to remain at 6pm. In the light of this, the Committee did not feel that it was necessary to make a recommendation to amend the start times of meetings. Committee members were conscious that 35% of Councillors indicated they would prefer a later start time and therefore felt that there should be some improvement in facilities available to members, to address some of the concerns of those who found 6pm start times difficult. It was agreed that the issue of facilities should be taken forward by political groups at this stage

The Committee also discussed the possibility of Officers attendees using online video conferencing facilities to participate in Committee meetings and suggested that a trial could take place at the next Governance and Audit Committee.

It was also suggested that there would be merit in a Chairman's forum, where Committee Chairman could meet and discuss common issues.

*RESOLVED* that the progress made to date on the Review of Meetings and Ways of Working be noted.

## **91. Interim Review of the Annual Governance Statement Action Plan**

Hayley McGrath, Corporate Governance Manager, introduced the Interim Review of the Annual Governance Statement Action Plan. The report requests that the Committee consider and comment on the work undertaken to implement the current Annual Governance Statement action plan.

Hayley McGrath highlighted that the report provides an update on the recommendations that were raised in the Annual Governance Statement report which was discussed in June. Hayley McGrath confirmed that all recommendations made for the three areas of concern, payroll, Civica application and contracting with third parties, had either been completed or will be completed by the end of the financial year. Hayley McGrath also confirmed that auditors would be checking those areas as part of the routine internal auditing programme.

The Governance and Audit Committee welcomed the report and the progress made.

*RESOLVED* that the Interim Review of the Annual Governance Statement Action Plan be

noted.

## **92. Risk Management Progress Report**

Hayley McGrath, Corporate Governance Manager, introduced the Risk Management Progress report. The report requests that the Committee consider and comment on the Council's progress and performance in managing risk during the period from April to September 2017 and to consider and comment on the current strategic risk register.

The Committee were informed that the key strategic risks remain the same; this includes the potential impact of future central government decisions to reduce public funding and failure or inappropriate management of strategic partnerships or key contracts.

Hayley McGrath also highlighted that the report includes details of additional work covered under risk management. There has been wider work on health and safety associated risks and physical risks as well as work undertaken with the new Council created companies to ensure they have appropriate plans going forward.

Committee members welcomed the report. Officers confirmed, in response to a question, that the Council did not have any contracts with Carillion. In terms of how well the Council is prepared if a current contractor has similar issues, Hayley McGrath stated that the Council is risk aware and would assess any issue on a case by case basis, with arrangements put in place where necessary. The Council assesses the financial viability and capability of contractors to provide services and also maintains a contracts register which contains all the required details.

A further question was how often the risks are reviewed, particularly given that one risk is related to Brexit. Hayley McGrath confirmed that risks are reviewed every quarter to identify and new issues that have arisen, additionally discussions are also held with senior management to ensure that it is up to date.

*RESOLVED* that the Governance and Audit Committee considered and commented on the progress and performance in managing risk and the current risk register.

## **93. Annual Review of Business Continuity**

Hayley McGrath, Corporate Governance Manager, introduced the Annual Review of Business Continuity report. The report requests that the Committee consider and comment on the business continuity work undertaken during the period and endorse the business continuity strategy for 2018.

Hayley McGrath provided the Committee with a summary of the report and informed members that business continuity is part of the risk management framework. The report is brought to the Committee to provide assurance that appropriate measures and plans are in place.

Hayley McGrath stated that there is a strong link between business continuity and the Council's emergency planning obligations and much of the work during the year has been done with this in mind. Emergency planning obligations require the Council to provide humanitarian assistance, such as rest centres, when there is an emergency event in the Borough. The Council has to ensure that it can provide officers to assist with emergency planning, but also to ensure that Council business can continue.

In response to a question about continuing to provide Council services during a flu epidemic, Hayley McGrath confirmed that the Council has plans to ensure that essential services can be provided. The Council has also identified areas where staff can be pulled from to ensure these essential services can continue to operate.

With regard to lessons learnt from exercises undertaken or incidents, Hayley McGrath confirmed that an internal review is always completed following an exercise. The resilience officer will gather information from all officers that have been involved with the incident, and this will then be reviewed at a First Call Officers meeting. With regard to external reviews lessons learnt are also reported back through improvement plans which are reviewed and then implemented.

The Committee received assurance that if there was a significant issue following a review of the strategy, a report would be brought to the meeting. The majority of recommendations following a review are low level, such as improving communications between partners.

Following a question about what constitutes whether a plan is a success or a failure, Ann Hedges highlighted that this is down to the preparation rather than the number of people using rest centres. Ann Hedges informed the Committee that she was currently the first call officer and had received briefings and phone calls on the incoming weather. Ann Hedges also confirmed that there are Colchester Officers on standby for events and, in response to a question, stated that there is not a support service for first call officers, as it's a more strategic role rather than an emergency service.

*RESOLVED* that;

- a) The Committee considered and commented on the business continuity work undertaken during the period.
- b) The Committee endorse the Business Continuity Strategy for 2018.

#### **94. Work Programme 2017-18**

Jonathan Baker, Democratic Services Officer, introduced the Work Programme 2017-18. The report requests that the Committee note the contents of the Work Programme.

Jonathan Baker informed the Committee that three additional items would be scheduled for the next Governance and Audit Committee meeting in March. The reports specified for inclusion were the Internal Audit Plan 2018-19, Disclosure and Barring Service Checks, which would consider options for member requirements and the Housing Benefit and Local Council Tax Support Risk Based verification policy.

The Committee noted the report, and the additional reports scheduled for the next meeting.

*RESOLVED* that the Work Programme 2017-18 be noted.