

CORPORATE GOVERNANCE COMMITTEE

4 DECEMBER 2017 - 2.30PM



PRESENT: Councillor M Buckton(Chairman), Councillor C Boden(Vice-Chairman), Councillor G G R Booth, Councillor D W Connor, Councillor Mrs A Hay, Councillor P Murphy

OBSERVING: Councillor W Sutton

APOLOGIES: Councillor Mrs M Davis, Councillor Mrs F S Newell and Councillor M Tanfield

OFFICERS IN ATTENDANCE: Brendan Arnold (Corporate Director and Section 151 Officer), Izzi Hurst (Member Services and Governance), Geoff Kent (Head of Customer Services), Carol Pilson (Corporate Director and Monitoring Officer), Mark Saunders (Chief Accountant) and Kathy Woodward (Internal Audit Manager)

ALSO IN ATTENDANCE: Lisa Smy and Laura Newton from the Internal Audit Team

CGC19/17 PREVIOUS MINUTES

The minutes of the meeting of 27 September 2017 were confirmed and signed subject to the following;

- Councillor Booth asked that it be noted that in reference to Item CGC13/17 Point 2; that his question regarding the wording of the report was to highlight that the language used was not clear.
- Councillor Booth asked that it be noted that in reference to Item CGC13/17 Point 4; that his question regarding the obsolescence factor was to clarify as to why this had not been highlighted as a potential issue in any earlier audits.

CGC20/17 ANNUAL AUDIT LETTER 2016/17

Members considered the Annual Audit Letter 2016/2017 presented by Brendan Arnold. He explained that following the meeting on 27 September 2017, Neil Harris from Ernst & Young (the Council's External Auditor) had formally confirmed his initial conclusion in regards to the Council's audit.

Members asked questions, made comments and received responses as follows;

1. Councillor Boden stated that he was delighted with the 'Unqualified Opinion' provided by Ernst & Young and thought that the report highlighted the quality performance of the Council's Finance Team.
2. Councillor Connor asked for an update on the Pilot Pension Fund. Brendan Arnold confirmed that the Council is awaiting an exact figure required to pay the Fund's exit-fee. He confirmed that this is estimated to be approximately £1.9million and there are several options in place to pay this fee. He stated that a reserve had been set-aside in the Council's accounts to deal with this and explained that the Council will also be applying to Communities and Local Government for permission to capitalise this payment. Capitalising the fund would also allow additional flexibility in terms of how the Council manage their

finances.

The Corporate Governance Committee agreed the Annual Audit Letter 2016/17

CGC21/17 INTERNAL AUDIT PLAN UPDATE 2017/2018

Kathy Woodward provided Members with an update on the Internal Audit Plan 2017/18. She confirmed that amendments had been made to the Internal Audit Plan due to the joint approach of audit work for the Anglia Revenues Partnership. She explained that ARP is a group of District Councils that share Revenues and Benefits services. She confirmed that prior to this arrangement each Council was responsible for auditing every service area whereas now each Council is responsible for auditing just one area across all Councils in the Partnership. She explained that some of the Councils involved have combined with one another to provide joint audit functions and some use LGSS to provide their Internal Audit arrangements. She confirmed that the main benefit of this arrangement, is that the Corporate Governance Committee will now be provided with updates on all functions annually as oppose to every three years. She clarified that another benefit of this, is that the Internal Audit Team will still only need to allocated 36 days across 3 years to the audit process (12 days each year), as oppose to the current 36 days every 3 years.

The Chairman thanked Kathy Woodward and said he saw the changes as a step forward and a benefit to the Council. He believed that annual auditing will assist both Fenland District Council and the other partners involved in improving their processes.

Members asked questions, made comments and received responses as follows;

1. Councillor Boden asked if the arrangement was distributed fairly between all partners. Kathy Woodward confirmed that within the Partnership, many of the Councils have joined to provide auditing of one service area.
2. Councillor Booth asked how the workload would be distributed between partners. Kathy Woodward confirmed that those using joint arrangements, pay for this service and therefore that is their contribution to the Partnership.
3. Councillor Booth believed that amending the Internal Audit Plan was not something to be concerned about and any future amendments would be welcomed. The Chairman agreed with this, as amendments allow flexibility within the plan.
4. The Chairman stated that the Committee fully supports the audit arrangements of the Anglia Revenues Partnership.

The Corporate Governance Committee agreed to approve the revised Internal Audit Plan for 2017/2018.

(Councillor Boden declared a non-pecuniary interest in this item by virtue of the fact that he is a member of the LGSS Joint Committee)

CGC22/17 INTERNAL AUDIT SERVICE EXTERNAL QUALITY ASSESSMENT

Members considered the Internal Audit Service External Quality Assessment report presented by Kathy Woodward. She confirmed that overall the assessment was a positive experience for both the Assessor and the Council and highlighted that the wording 'generally conforms' in the report, is the highest accolade given by an External Assessor. She explained that only three recommendations were made in the assessment, all of which are achievable and these will be discussed with both the Chairman and relevant officers. The assessment also made suggestions in which the Internal Audit Service could be improved and also detailed opportunities for enhancement within the service. She confirmed that in summary, the Council complied with all aspects of the External Quality Assessment.

Members asked questions, made comments and received responses as follows;

1. The Chairman explained that he had spent time with the assessor and confirmed how comprehensive the assessment was. He congratulated the Internal Audit Team and Kathy Woodward for their hard work during this process. He asked that Members accept the report today but have a separate discussion surrounding the recommendations made in the report, prior to the next committee meeting.
2. Councillor Booth explained that assessments always highlight improvements that could be made. He believed that the paragraph in the report relating to the compliance of the Public Sector Internal Audit Standards (PSIAS) should not be read as a 'static' paragraph and the report should positively confirm that we are complying with PSIAS throughout.
3. Councillor Booth explained that the Audit Management System (AMS) suggested in the report is an expensive piece of software and did not believe that there would be any benefit in spending a great deal of time investigating this option.
4. Councillor Boden stated that the Council is in a good position as the report confirmed that our Internal Audit systems are working how they should be. He confirmed that he agreed with the suggestion of another meeting to discuss the recommendations made in the report and stated that we should not underestimate the positive outcome of the report.
5. The Chairman discussed the possibility of releasing a Press Release in relation to the outcome of the assessment.
6. Councillor Murphy praised the assessment however said he would prefer the wording to be changed from 'generally conforms' to something that highlighted the success of the Internal Audit Service in a clearer way.
7. Councillor Booth suggested that Members should review the Committee's 'terms of reference' mentioned in the assessment, as these have not been reviewed recently. He thought it would also be beneficial if other Committees reviewed theirs too. Carol Pilson agreed to consult with the individual committees regarding this.

The Corporate Governance Committee agreed to note the contents of the External Quality Assessment Review

CGC23/17 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR REVIEW 2017/18

Mark Saunders presented the report reviewing the Council's Treasury Management activity for the first six months of 2017/18. He explained that the recent increase in the Bank of England's Base Rate had had little impact on Investments and informed Members that it is predicted the Base Rate will continue to rise in the coming years.

Members asked questions, made comments and received responses as follows;

1. Councillor Boden asked Mark Saunders for further information on the Long-Term Debt Portfolio and the reason for not repaying the debt earlier than required. He asked Mark Saunders to provide a report to the Committee showing the figures in relation to this. Mark Saunders agreed to provide Members with the information as requested.

The Corporate Governance Committee agreed to note the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review 2017/18.

CGC24/17 REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - UPDATE

Geoff Kent presented the Committee with an update on Regulation of Investigatory Powers Act (RIPA). He explained that this is an annual update and informed Members that RIPA had been used twice this year in relation to on going investigations.

Members asked questions, made comments and received responses as follows;

1. Councillor Connor confirmed that he was happy with the use of RIPA in relation to fly-tipping offences as this costs the Council a substantial amount of money annually.
2. Councillor Booth stated that the report highlighted that the Council is taking a proportionate view in relation to RIPA and not using it unnecessarily, which is positive. He highlighted that the reports data only shows figures up to 23 November 2017 and asked Geoff Kent to consider this when presenting an update in the future. Geoff Kent confirmed that he would be happy to provide Members with an additional update in the New Year to reflect the missing data for the remainder of 2017. He confirmed that the Council is extremely careful in the use of RIPA and it requires the permission of the Magistrates' Court to approve the use of RIPA.
3. The Chairman asked if any information is held in relation to cases in which RIPA has been considered but not been used. Geoff Kent confirmed that currently this information is not held however this is something that could be considered in the future. The Chairman highlighted that this would assist Members in understanding the context in which RIPA is implemented. Carol Pilson confirmed that when considering RIPA, 'Collateral Intrusion' must be seriously considered and this can often impact the ability to proceed. Collateral Intrusion takes in to account the risk of intrusion into the privacy of people other than those who are the subject of the surveillance. Surveillance should always be conducted in such a way to reduce the impact on third parties. The Chairman confirmed that this information provided Members with assurance in relation to their use of RIPA.
4. Geoff Kent reminded Members that as the surveillance is covert, information in relation to specific locations is extremely sensitive. Councillor Murphy agreed that discussions surrounding this should remain confidential. Councillor Booth highlighted that the policy states that Members should not be directly involved in the operation of RIPA as this is down to the officers involved.
5. Carol Pilson informed Members that an inspection by the Office of the Surveillance Commissioner (OSC) is due in regards to RIPA and a visit may be taking place on the 10 January 2018 to examine the Council's processes. The OSC may decide that an inspection is not necessary; therefore this would provide Members with further assurance that RIPA is being used correctly.
6. Councillor Boden stated that the report highlighted that RIPA is being used in the appropriate way and he had no concerns surrounding this. He mentioned that other Councils have had negative comments regarding their use of RIPA and highlighted the importance that it is used proportionally.
7. Councillor Mrs Hay referring to Page 81 of the agenda pack(Example 2), asked for clarification on how this example differed to Enforcement Officers encouraging members of the public to report such offences. Carol Pilson confirmed that as Enforcement Officers do not use covert surveillance to issue Fixed Penalty Notices, they would not fall under the remit of RIPA. Councillor Booth asked if this would be monitored in the future to ensure it remains this way and they continue to comply with Statutory Regulations. Carol Pilson confirmed that in relation to the Kingdom Enforcement Officers, on going reviews will take place to ensure that they are aware of our policies.
8. Councillor Mrs Hay asked for clarification on Page 106 of the Agenda under 'Urgent Oral Authorisations'. Geoff Kent confirmed that authorisation must be sought through the Magistrates' Court in order to proceed with RIPA and that authorisation cannot be given

orally alone. Geoff Kent confirmed that officers would review the wording of the Policy in order to make this clearer to Members.

The Corporate Governance Committee agreed to note the contents of the report subject to;

- **RIPA Statistics for the remainder of 2017, to be provided to Members in the New Year.**
- **Officers to review the Policy and update accordingly.**

CGC25/17 ITEMS OF TOPICAL INTEREST

There were no items to discuss.

3:33 PM

Chairman