

CORPORATE GOVERNANCE COMMITTEE

7 FEBRUARY 2018 - 2.30PM



PRESENT: Councillor M Buckton(Chairman), Councillor C Boden(Vice-Chairman), Councillor G G R Booth and Councillor P Murphy.

APOLOGIES: Councillor D W Connor, Councillor Mrs A Hay, Councillor Mrs F S Newell and Councillor M Tanfield

OFFICERS IN ATTENDANCE: Brendan Arnold (Corporate Director and Section 151 Officer), Izzi Hurst (Member Services), 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: Neil Harris and Flo Barrett from Ernst & Young (EY)

CGC26/17 PREVIOUS MINUTES

The minutes of the meeting of 4 December 2017 were confirmed and signed subject to the following;

- Councillor Booth asked that it be noted that in reference to minute CGC 22/17 Point 3, he had given his opinion on the general cost of Audit Management Systems and not on the cost of the specific system, discussed in the report.

Councillor Buckton informed Members that Councillor Mrs Davis had resigned from Corporate Governance Committee and offered thanks to Councillor Mrs Davis for her participation and contribution to the Committee.

CGC27/17 APPOINTED AUDITOR – ANNUAL CERTIFICATION REPORT 2016-17

Neil Harris and Flo Barrett from Ernst & Young (EY) presented the Annual Certification Report 2016-2017. He highlighted that he is happy with the Council's arrangements for the Housing Benefit subsidy claim.

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

- Councillor Booth asked for clarification on the sample size of the Housing Benefits subsidy claims that were analysed by EY. Neil Harris explained that the initial sample size is 20 cases however this is increased to 40 + cases if any discrepancies are found, however small. Flo Barrett confirmed that in when testing a smaller population, they usually analyse over 20 cases in the first instance.
- Councillor Boden stated he was very happy with the report and pleased that there were very few discrepancies found. He asked EY if there were any formal processes they could recommend, that would assist with achieving fewer errors in the future. Neil Harris confirmed he had no specific recommendations for Fenland District Council. Flo Barrett explained that there were no significant areas that required further training and the majority of errors found were down to human error which would be the responsibility of Anglia Revenues Partnership (ARP) to monitor.

- Brendan Arnold explained that processes are in place within ARP to deal with these minor errors and highlighted that one of the main advantages of the partnership is that, those involved, can learn from each other's recommendations.
- Geoff Kent confirmed that a letter had been received from the Department for Work and Pensions (DWP) advising that no adjustments will be made to the subsidy that the Council had claimed. He explained that the Benefits Manager at Fenland District Council, had carried out a lot of work over recent years to reduce errors within the benefits claim system and this training had been shared amongst the other benefit assessors in ARP, to reduce errors further.
- Councillor Buckton congratulated the Council and all those involved, for a pleasing report.

THE CORPORATE GOVERNANCE COMMITTEE AGREED TO NOTE THE ANNUAL CERTIFICATION REPORT 2016-17.

CGC28/17 APPOINTED AUDITOR - EXTERNAL AUDIT PLAN 2017/18

Neil Harris from EY presented the External Audit Plan report 2017/18. He highlighted that there will be a requirement for faster closure this year and the Council will be required to have prepared a draft set of accounts by 31 May 2018 which must be audited and approved by the end of July 2018. This will be a month earlier than previous years however plans are in place within the Council and Ernst & Young to assist this.

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

- Councillor Buckton asked if EY had assessed Fenland District Council's proposed faster closure plan. Neil Harris confirmed this was correct and stated that contact between EY and the Council will continue in order to achieve the new timescales and there is flexibility in the process to allow this. Mark Saunders confirmed that he is confident with the process and plans in place to achieve the new deadline.
- Councillor Booth asked what the consequences were for not hitting the deadlines involved with the new schedule. Neil Harris confirmed that whilst there were no financial consequences, there would be an effect on the Council's professional reputation.
- Councillor Boden stated that it was a very positive report and asked for clarification on the Performance Materiality percentage in the report. Neil Harris confirmed that the maximum percentage that can be achieved is 75% and this was the figure given to Fenland District Council.
- Councillor Boden asked if EY report all uncorrected misstatements to officers even if they are under the £54,000 threshold. Neil Harris confirmed that they report all of these errors to officers but only report errors to the Corporate Governance Committee, if they exceed the threshold.
- Brendan Arnold confirmed discussions had taken place between EY and the Council and both parties are confident that clear plans can be set in place to maximise the prospects of success in achieving these new deadlines.
- Councillor Booth asked why, in the report were the Council's 'Valuation of Land and Buildings' and 'Valuation of the Council's Leisure Centres' counted as separate audit risks and what process had been taken to avoid these being 'double counted' as a risk. Neil Harris explained that when they label a risk as an 'inherent risk' this means that the Council already had procedures in place to deal with this temperamental area. As it is still unknown whether the Council will externalise their Leisure Centres, there is a higher focus on this area as additional support may be required if this goes ahead.

Councillor Buckton thanked Neil Harris and Flo Barrett for their attendance today and positive reports.

CGC29/17 CORPORATE RISK REGISTER QUARTERLY REVIEW

Geoff Kent presented the Corporate Risk Register quarterly review. He highlighted that the Committee's previous comments and suggestions had been taken on board and the Register had been amended to reflect these changes.

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

- Councillor Boden thanked Geoff Kent for the amendments to the register and asked for clarification on why the likelihood of 'Risk 17- Political Changes in National Priorities' had been reduced. Geoff Kent confirmed that this had reduced in line with the national political environment but confirmed that it is a difficult risk to assess.
- Councillor Booth highlighted that any changes in legislation can take several years to implement and therefore notice is given and appropriate measures should be in place to deal with this. Councillor Boden explained that this is correct only if the legislation is clear to understand and if it is not, this can cause issues.
- Councillor Buckton asked if the Council 'horizon-scan' any changes in legislation that could have an impact. Geoff Kent confirmed that we are duty bound to assess all impacts of changes in legislation.
- Councillor Booth asked if the risk assessed is based on the Council not being prepared for when legislative changes occur. Councillor Buckton confirmed that the Council are constantly looking at impending risks and the risk is measured on what procedures we have in place to reduce the impact of it.
- Councillor Boden stated that our planning for legislative changes reduces the impact on the Council.
- Brendan Arnold explained that robust procedures are in place to horizon scan risks and therefore the risk of the Council not being able to respond to one of these changes is quite modest. He stated that a key risk is what the Government wishes to change in terms of policies and legislation and the impact this could have upon the Council. He highlighted that whilst risks within the Register are assigned specific scores, these risks are constantly monitored by officers on an on-going basis.
- Councillor Boden thanked Brendan Arnold for his explanation and said that it was helpful for Members to understand these risks and the monitoring of them by officers.
- Councillor Booth stated that changes in budgets can have a high impact on the Council and these can happen very quickly and without warning. Councillor Buckton explained that the importance is based on what the Council are doing to mitigate the impact.
- Councillor Buckton referred to 'Risk 9 - The Council's ability to cope with a natural disaster'. He believed the wording should be based on the Council's response to such an event and not their ability to cope with it. Geoff Kent confirmed that Emergency Planning is in place to deal with the Council's response to such events and agreed the terminology could be changed to highlight this. Brendan Arnold highlighted that in this specific type of emergency, the Council would be acting with several organisations to manage the impact and utilise resources.
- Councillor Booth asked for clarification on the actions associated to the risks on the Register. He stated that if adequate procedures are already in place these may not need to be listed as an action point on the Register.
- Councillor Booth asked how the 'Culture of the Council' is measured effectively and for further clarification on this point. Carol Pilson confirmed that this referred to the Council's 'one-team' approach and a number of actions are in place to ensure this is sustainable. An example of this is by monitoring the behaviour of officers to ensure the culture is being followed and communicating effectively in order to ensure the one-team approach is being maintained at all times.
- Carol Pilson explained that the actions on the Register highlight the progress of certain actions and should be viewed as a live, working document.
- Councillor Buckton stated that adding any further information to the actions on the Register

could mean too much information being provided and therefore difficult to assess. Councillor Booth suggested that if an action has been completed and nothing further is required, the Register should state this.

- Brendan Arnold highlighted that the Register is not an action planning or review system as this happens elsewhere within the Council. He explained that whilst it is important that Members get assurance that action is being taken, there is not a requirement to add further information to the Register. Councillor Buckton stated that any additional information required by Members, would always be provided by officers if requested.
- Geoff Kent thanked the Committee and explained that the Register is an evolving document that has been developed significantly in recent months and all comments and feedback will be taken on board.
- Councillor Buckton thanked Geoff Kent for his input and his positive working relationship with the Corporate Governance Committee.

THE CORPORATE GOVERNANCE COMMITTEE AGREED TO THE CORPORATE RISK REGISTER QUARTERLY REVIEW.

CGC30/17 INTERNAL AUDIT PLAN PROGRESS REPORT Q3

Kathy Woodward presented the Internal Audit Plan Progress Report. She highlighted that whilst there are recommendations that are outstanding from 2016/17; meetings and discussions are in place to resolve these. She confirmed that 2017/18 reporting was also underway.

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

- Councillor Buckton asked if Kathy Woodward was satisfied with the level of attention the outstanding recommendations were being given by officers. Kathy Woodward confirmed that she was satisfied with the majority of outstanding recommendations and confirmed that meetings are in place to discuss the responses for the overdue recommendations and stated that she would update the Committee regarding these overdue recommendations.
- Councillor Boden thanked Kathy Woodward and said he was pleased that feedback and amendments had been made to the report and asked for clarification on one of the outstanding recommendations within the Electoral Services team. Kathy Woodward explained that the outstanding recommendation relates to the Customer Services team and their responses to enquiries regarding Elections and is nothing to be concerned about.
- Carol Pilson added that following a recent press story relating to issues within an Election team in another local authority, the Council have checked their own processes within Elections and are satisfied with these.
- Councillor Booth asked if an additional column could be added highlighting which quarter the audit took place as this would enable to Committee to focus on the latest quarters figures. Kathy Woodward confirmed that this was possible.
- Councillor Buckton thanked Kathy Woodward for her presentation.

THE CORPORATE GOVERNANCE COMMITTEE AGREED TO NOTE THE CONTENTS OF THE REPORT.

CGC31/17 ANNUAL GOVERNANCE STATEMENT 2016/17 UPDATE

Carol Pilson presented the Annual Governance Statement 2016/17.

Councillor Buckton thanked Carol Pilson for the update and report.

THE CORPORATE GOVERNANCE COMMITTEE AGREED TO NOTE THE PROGRESS MADE AGAINST THE ACTIONS IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT 2016/17.

CGC32/17 ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY ANNUAL REVIEW

Kathy Woodward presented the Anti-Fraud and Corruption policy and strategy report. She highlighted that there were no changes to the strategy document or policy from the previous years. She explained that there had been two new pieces of guidance released which related to operational aspects and confirmed that the policy had been reviewed accordingly.

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

- Councillor Booth asked if an amendment could be made to Appendix C of the report regarding Role and Responsibilities and asked if focus should be upon the culture surrounding this policy. Kathy Woodward confirmed that one of the recommendations in the new guidance relates to culture and this would be reviewed and incorporated in future reports.
- Councillor Buckton asked if CMT would be responsible for implementing this culture within the Council and getting the message across to officers and staff. Brendan Arnold confirmed that these matters are discussed and a wide range of management is involved whenever policies are updated but highlighted that the measurement of culture is very subjective when it comes to auditing.
- Councillor Booth stated that somebody should be responsible for implementing this culture within the Council.
- Councillor Boden suggested that the Whistleblowing Policy would work in line with this policy. Kathy Woodward confirmed that the Whistleblowing Policy is referenced in the report and works alongside the 'Squeaky Clean' campaign that the Council have launched as part of its prevention methodology. Councillor Buckton agreed that it would be wise to tie these policies together. Carol Pilson confirmed that she would liaise with Human Resources and Staff Committee to ensure that this is something they have considered.
- Councillor Booth asked how Conflicts of Interest are managed within the Council as this also relates to the Anti-Fraud and Corruption Policy. Kathy Woodward confirmed that audit work was carried out in relation to this last year and any concerns identified would be reported.

THE CORPORATE GOVERNANCE COMMITTEE AGREED TO APPROVE THE ANTI-FRAUD AND CORRUPTION POLICY.

CGC33/17 TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2018/19

Brendan Arnold presented the report. He highlighted that this is an important report and a key part of the Council's approach to setting the Budget for 2018/19. Having said that he indicated that there are no significant changes or matters which as Section 151 officer he needed to bring to the attention of the Committee.

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

- Councillor Booth asked for clarification on Point 4.1 of the report relating to Capital Receipts and asked why this figure is reported as 0. Mark Saunders confirmed this shows the value of Capital Receipts at year end and does not show those received during the year and what they were used for. Brendan Arnold confirmed the Capital Receipts are generally fully applied by year end.

THE CORPORATE GOVERNANCE COMMITTEE AGREED TO ENDORSE THE STRATEGY DETAILED IN THE REPORT TO BE INCLUDED IN THE FINAL BUDGET REPORT FOR 2018/19.

CGC34/17 ITEMS OF TOPICAL INTEREST

Geoff Kent provided the Committee with an update on the final, annual RIPA statistics and confirmed that no further investigations had taken place since the last committee meeting. He stated that an Inspection by the Investigatory Powers Commissioners Office had recently taken place and the Inspector was impressed with the Council's use of RIPA and understanding of the legislation. The Inspector had suggested minor amendments to the wording of the policy and Geoff Kent confirmed that a revised policy would be brought to the next Corporate Governance Committee meeting for Members to consider.

4:12pm

Chairman