

Minutes of a meeting of the **Corporate Governance and Audit Committee** held in Committee Room Two, East Pallant House, Chichester, on Thursday, 19 September 2013 at 09.30am

Members (10)

Mrs P M Tull (Chairman)
Mr A J French (Vice-Chairman)

Mr G V McAra	Mrs P Hardwick
Mrs C M M Apel	Mr G H Hicks
Mr M Bell	Mr R Marshall
Mr T Dignum	

Present (9)

Apologies for absence:

Mr B Finch

Officers Present for all agenda items

Mrs B Jones, Principal Scrutiny Officer
Mr P Over, Executive Director of Support Services & The Economy
Mr J Ward, District Treasurer

Officers Present for Specific Items Only

Mr J Bacon, Building & Facility Services Manager
Mrs H Belenger, Accountancy Services Manager
Mr D Cooper, Group Accountant
Ms J Foxley, Litigation Solicitor
Mr A Frost, Assistant Director Development Management
Mr K Garraway, Assistant Director Economy
Mr S James, Principal Auditor
Miss A Loaring, Policy Officer
Mrs T Murphy, Parking Services Manager

Chichester District Council Members present as observers or contributors

Mrs E Lintill
Mr S Oakley
Mrs C Purnell

136. **Minutes**

RESOLVED

That the Minutes of the meeting held on 27 June 2013 be signed as a correct record.

Matters arising: The Chairman reminded members that an update on housing benefit overpayments, requested at the last meeting, had been placed on the members' Knowledge Hub for information. Mr Marshall queried the accounting treatment applied to the impairment figure for Westgate. Mr Ward advised that £270,000 had been written down instead of £350,000 as set out in the minutes. Mr Over confirmed that this figure would be reviewed at the end of the current financial year instead of the normal five years to ensure it was correctly stated.

137. **Urgent Items**

There were no urgent items for consideration at this meeting.

138. **Declarations of Interest**

There were no declarations of interest.

139. **Public Question Time**

No public questions had been submitted.

140. **Ernst & Young : Audit Governance Report 2012-13**

The Chairman welcomed Mark Catlow, Paul King and Neil Aitken from Ernst & Young (EY) to the meeting.

Mr Ward explained that EY had revised their audit results report and this had been circulated at the meeting. Mr King informed the committee of the new structure of this information which he hoped was clear and succinct. There were no significant risks identified in the document, just a general risk around fraud and error, however they had no issues to draw to the attention of the committee from that work. Four error adjustments had been identified in the appendix to this document, which had been satisfactorily dealt with by officers and had had no impact on the Council's financial statements. The audit was now complete and EY expected to deliver an unqualified audit opinion and value for money statement. They now needed to receive the letter of management representation from Mr Ward once it has been debated by this committee.

In response to Mr Marshall's query regarding what had been changed in the revised audit results report, Mr Catlow advised that they had been talking to the S151 Officer about the manner in which officers' declarations of interest were recorded. EY were now satisfied that individual registers existed within each department however they would recommend that one central register is held. They had also checked the members' register of interests and had established that five members had not complied with this requirement. Mr Ward advised that a number of electronic and written reminders had gone out to these five members. He had

carried out a risk assessment and they were not members who held senior positions in the Council. Mr Bell, Chairman of the Council, undertook to raise this with the members concerned in case this was an oversight, but if this was a matter of principle then he advised that the political group leaders should be involved.

Post meeting note: On checking, the District Treasurer confirmed that in fact no written requests had been sent to the five members who had failed to complete their register of interests and he had agreed with the Council's Chairman that written requests be sent to the members involved stating the urgency of this requirement.

To a question from Mr Marshall regarding pension figures, Mr Ward advised that the pension fund figures in the accounts were an interim updated projection from the last triennial review. In response to members questions Mr Ward advised that the actuary was probably being very cautious in his projections.

RESOLVED

That the Audit Results Report 2012-13 be noted.

141. Audited Statement of Accounts 2012-13

The committee considered the agenda report (copy attached to the official minutes).

Mr Ward presented the report. He reminded members that they had received the draft Statement of Accounts at their June meeting. He informed the committee that revised pages 16 to 19 and 26 of the accounts had been circulated as they had been amended since the agenda despatch. The external auditors had touched on the changes in their presentation.

Mrs Belenger commented on the adjustments the auditors had requested to the accounts. The cash flow statement had been amended to reflect the council's investments which were effectively rolled over with same counterparty so no actual transaction was necessary, but the cash flow needed to reflect the investments returning to the accounts and then going out again. Other than the cash flow amendment nothing had materially changed on the other core statements to what was previously presented at the June meeting. The amendments required mainly related to presentation matters in the disclosure notes to the accounts.

Referring to the letter of management representation, Mr Marshall asked for clarification on paragraphs H (concerning retirement benefits) and K (concerning the use of pensions expert Hymans Robertson), and whether the auditors had any concerns regarding the pension valuation. Mr King advised that EY had their own actuary look at the revised pension assumptions and that they were satisfied that the assumptions were conservative and not unreasonable. Mr Marshall advised that it was helpful to get the EY actuary's views. He requested that as material pension assumptions were a key judgement they should be added to the section on 'critical judgements in applying accounting policies' on page 43 of the Statement of Accounts.

Discussing the letter of representation, members requested a number of statements be correctly reflected (to include paragraph C) and one minor amendment made.

Mrs Apel was concerned at the number of supplementary and tabled papers and requested that this should try to be avoided in future.

RESOLVED

- 1) That the Statement of Accounts shown in Appendix 1 for the financial year ended 31 March 2013 be formally adopted, subject to the suggested amendment above.
- 2) That the Letter of Management Representation shown in Appendix 2 be agreed and signed subject to the suggested adjustments.

Post meeting note: The necessary amendments were made to the letter of representation which was subsequently signed by the S151 Officer and the Chairman of the committee.

142. Ernst & Young Local Government Sector update

The committee considered the EY bulletin (copy attached to the official minutes).

Mr King provided the background to this bulletin which summarised the latest developments and news relevant to local government audit committees.

To a query by Mr Dignum as to whether all local authorities had access to the EY ITEM Club forecasts mentioned on page 11 of the agenda, Mr King replied that he would check access arrangements and would respond to members via Mr Ward. Mr Dignum asked whether any of the 18 councils, selected to develop whole place community budgets were district councils. Mr King advised that he would send the information to Mr Ward to circulate. Mr McAra suggested there should be a section in the bulletin stating what initiatives had been stopped to introduce something new to which Mr King replied that the bulletins needed to be factual and not political. It could not be tailored to specific county or district councils' services as it needed to include the responsible areas of all the authorities to which EY are currently contracted.

Mr Dignum enquired about the Local Audit and Accountability Bill and the timescales involved to recommission audit services. Mr King advised that EY was appointed under the current Audit Commission outsourced contract arrangements in place for five years until 2016/17. There is provision to extend for two years depending on current legislation in place. Mr Dignum mentioned the National Fraud Initiative moving to the Cabinet Office but wanted to know what our involvement in this was as the Council currently carries out its own fraud investigations. Mr King advised that the Audit Commission remit only extends to England and authorities can put in place their own programmes to identify and tackle fraud.

RESOLVED

That the EY Local Government Sector Bulletin be noted.

143. Partnerships Annual Report

The committee considered the agenda report (copy attached to the official minutes).

Miss Loaring presented this annual report of the council's strategic partnerships which reviews whether these partnerships have complied with the Council's agreed partnership procedures to ensure that governance arrangements and risks are being adequately addressed.

In answer to a question raised by Mr Marshall with regard to whether we should be investing officer time in each of these partnerships, Miss Loaring replied that if we were not involved there was a danger that the Council would not be in possession of the latest information and knowledge and may possibly not receive funding and other benefits available. Mr Over informed the committee that both the West Sussex Rural Partnership and the Coastal West Sussex Partnership contributed to economic development across the West Sussex area. Most economic development funding would in future be channelled through the Local Economic Partnership (LEP) and as these two partnerships report to the LEP it is important that we remain engaged.

Cllr Dignum raised concerns regarding the outcomes achieved by some of the partnerships, and whether they were truly effective. There was concern that the headline achievements under each partnership were unclear. It was suggested that the Waste Partnership description should be rewritten as it was not clear and that the resources for each partnership could be better reflected. Miss Loaring undertook to amend these areas in a future report to the committee.

Mrs Hardwick reminded members that this committee's role was to review governance arrangements and risks, not to establish whether the partnership was worthwhile. Mr Over stated that the district council's involvement in the ten strategic partnerships only involved modest financial risk but that members would wish also to consider other issues such as reputational risk. The Council contributes £5,000 per annum to the rural partnership. Some of the partnerships, like the Community Safety Partnership, are in fact statutory bodies.

Mrs Tull suggested that increased Task and Finish Group work could be carried out as these are focused and time limited reviews. Miss Loaring advised that a review had been carried out of Chichester in Partnership to establish whether partners found it useful and were benefitting from the partnership. There was a clear message that partners wanted to continue the partnership and that they valued the engagement, but that the partnership should become more outcome focussed so that it could be seen to be delivering.

With the Chairman's agreement Mrs Lintill was invited to comment. She advised that a number of partnerships (and initiatives arising from partnerships) had come before the Overview & Scrutiny Committee where they needed to justify their role and the outcomes and benefits being achieved for local communities. She suggested that members assigned to partnerships needed to take responsibility for ensuring that partnerships are continuing to be effective.

RESOLVED

- 1) That the Annual Partnerships report be noted.
- 2) That the Manhood Peninsula Partnership and Healthier Chichester Partnership be reviewed on completion of their annual action plans and any non-compliance

issues be reported back to the committee.

144. S106 Follow-up Review: Tangmere

The committee considered the agenda report (copy attached to the official minutes).

Mr James presented the report which follows up on the recommendations agreed by this committee in November 2012. Of the four recommendations, two had been fully implemented; however two had only been partially implemented due to current computer software inability to record details. Mr Frost confirmed that the key consultee is currently communicated with but there is no ability to send a second notification to the relevant Director. New software, which has been purchased to improve processes generally in Development Management, will resolve this issue and is due to be installed in November 2013. This will allow consultees to be alerted and to respond through the system. The committee requested a further progress report following the implementation of this software.

With the Chairman's agreement Mr Oakley was invited to speak to the committee. He advised that considerable amounts of S106 money were involved and it was important that the money was correctly allocated. He advised the committee that Tangmere Parish Council had decided to go to the Local Government Ombudsman regarding their perceived loss of S106 monies to which this original report relates.

Mr Dignum advised that it was important to receive a response back from the service which was evidence based and which would be accepted by the developer. Mr Over advised that the Community Infrastructure Levy (CIL), which was more prescribed, was due to be introduced in the autumn 2014 when S106 would largely be phased out.

RESOLVED

- 1) That the report and the progress made against the recommendations be noted.
- 2) That an update on progress be reported to the committee following satisfactory implementation of the Development Management software.

145. Internal Audit Report and Audit Plan Progress

The committee considered the agenda report (copy attached to the official minutes).

Mr James presented the report, informing the committee that the two audit reports placed on the Knowledge Hub – Debt Recovery and Energy usage – had not received any adverse comments from members.

Mrs Murphy gave an update on progress made in developing the Parking Services review and action plan and in working through the recommendations made by Internal Audit in their 2012 audit and more recently in their 2013 audit. The review will take two years to fully implement and commenced in June 2013. It includes actions around carrying out consultations, reviewing staffing and deployment, process improvement and standardisation, computer software, joint purchasing and procurement options with County, future income generation ideas and carrying out a feasibility study on each car park. Mr French advised that the Chichester District

Parking Forum had received an update on the review recently and would assist in developing any future action plans.

In answer to a question from Mr McAra, Mrs Murphy confirmed that they were considering providing an enforcement service to private car park owners. Mrs Hardwick wanted to know about the process for escalating appeals. Mr Garraway informed the committee that the process in place at present is transparent in treating members of the public, staff and members in the same manner. Cabinet, at its meeting in September, agreed a change to staffing responsibilities within Parking Services which comes into effect on 1 November 2014. It is hoped that the New Park Road Car Park electricity issue would be resolved by October 2013.

In response to a question from Mr Hicks regarding illegal street parking problems in Southbourne, Mrs Murphy replied that funding had been sought by other authorities (such as Worthing) to carry out an education programme to encourage parents not to park illegally and discussions have already been held with West Sussex County Council to investigate the feasibility of running a similar project within Chichester District. She also asked members to keep her informed of issues in their areas in order that these may be factored in when developing the Civil Enforcement Officers' (CEO) rotas. In response to Mr Bell's request about observation periods, Mr Garraway responded that it was five minutes for a car and ten minutes for a van in respect of loading bays without any goods vehicle restrictions.

Mr Marshall wanted to know whether we had looked at revenue to be achieved should the Council wish to employ an additional CEO. Mr Garraway advised that the review was looking at the roles and responsibilities of CEOs, number of tickets issued, hours of work, etc. The Council does not incentivise CEOs but the Council must ensure that a CEO's routes are efficient and effective and that they undertake their job satisfactorily.

Mr James advised that he and Mrs Murphy would decide where the focus of next year's Parking Services audit would be.

RESOLVED

- 1) That the committee notes the progress made against the audit plan.
- 2) That the committee notes the progress made on recommendations included in the Car Parks Audit 2013 and the Car Parks Audit 2011-2012.

146. Exclusion of the Press and Public

RESOLVED

That in accordance with section 100A of the Local Government Act 1972 (the Act), the public and the press be excluded from the meeting during the consideration of the following item on the agenda for the reason that it is likely in view of the nature of the business to be transacted that there would be disclosure to the public of 'exempt information' being information of the nature described in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A to the

Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

147. Insurance Contract [Paragraph 3]

Mrs Tull reported back from a recent meeting of the Risk Management Task and Finish Group, held on 10 September, which considered insurance risks when evaluating the insurance tenders.

RESOLVED

That the report from the Risk Management Task and Finish Group on insurance risks be noted.

148. Westgate Leisure Centre Carbon Trust Scheme [Paragraphs 1 and 3]

The committee considered the agenda report (copy attached to the official minutes).

Mr Bacon and Ms Foxley introduced this report and answered members' questions.

RESOLVED

That the committee notes the developments with regard to the rectification of the issues with the CHP engines since the Audit Report of 2011.

(Note: The meeting closed at 12.04pm)

(Chairman)

Date: _____