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Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Committee Room 2, East Pallant House on Thursday 29 September 2016 at 9.30 am

**Members Present:** Mrs P Tull (Chairman), Mr G Barrett (Vice-Chairman), Mr G Hicks, Mrs N Graves, Mrs P Hardwick, Mr F Hobbs and Mr S Morley

**Members not present:** Mr T Dempster and Mr P Jarvis

**In attendance by invitation:** Mr P King (Ernst & Young LLP)

**Officers present:** Mr J Ward (Head of Finance and Governance Services), Mrs H Belenger (Accountancy Services Manager), Mr D Cooper (Group Accountant), Mrs F Delahunty (Customer Services Centre Manager), Mr R Dunmall (Housing Operations Manager), Mr S James (Principal Auditor), Mrs B Jones (Principal Scrutiny Officer) and Mrs J Ryan (ICT Manager)

## 80 **Chairman's Announcements**

Apologies had been received from Mr Jarvis and Mr Dempster.

## 81 **Approval of Minutes**

The minutes of the meeting held on 30 June 2016 were agreed as a correct record.

## 82 **Urgent items**

There were no urgent items.

## 83 **Declarations of Interest**

There were no declarations of interest.

## 84 **Public Question Time**

No public questions had been received.

## 85 **Audit Results Report 2015-16 - Ernst & Young LLP**

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

Mr P King introduced the report, confirming that Ernst & Young LLP was issuing an unqualified audit report to the Council and that there was no change to fees. He suggested a potential improvement point around the assurance the committee receives for the report on the effectiveness of Internal Audit with an inclusion of an assurance statement from the Principle Auditor to the S151 officer. This was not a particular weakness but something for the council to consider in future. Mr Ward took on board the suggestion raised by Mr King.

Mr King passed on his thanks to the Accountancy Services team for a very smooth audit. He would be liaising with the team over the next few months on planning the earlier closedown of the accounts over the couple of years.

Mr Ward and Mrs Belenger thanked Mr King and his team. They also wished their thanks to be conveyed to the Accountancy Services team - a much smaller team than in previous years, some of whom were new to the organisation and the unqualified audit reflected the professionalism in which the team had conducted the accounts.

## **RESOLVED**

That the Audit Results Report 2015-16 be noted.

## **86 Statement of Accounts (Audited)**

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

Mr D Cooper presented the report. The committee made comments, including the following:

- Queried the confidence placed on the reduction in liability for pension costs – Mr Ward explained that the triennial valuation of the pension fund was due in the next few months and this would provide a more meaningful valuation. The Council had a stability agreement with the actuary, who takes a 20 year view, allowing a smoothing effect with capped increases, and decreases. None of the figures in the accounts would impact on the taxpayer, but the triennial revaluation does as this is what sets the annual cash contributions. A report giving the latest position is expected in early October, and members could be updated on this at the next meeting
- Queried the increase in car parking revenue as a percentage – This was calculated at about 15%.
- Queried whether the authority carries out benchmarking ourselves against other authorities – An explanation was given of the need to take volumetrics into account rather than to compare cash spend due to the difference in services across authorities and the priorities of each council. A wholesale review was undertaken every few years. Benchmarking was also carried out when undertaking service reviews and used by the auditors when carrying out their Value for Money Assessment. Chichester was in the top proportion of all authorities for fees and charges income and the Council's financial position is strong.

- Queried the ongoing surplus in the accounts and whether there was potential for Central Government to claw this back – The Government was currently reviewing the Needs Assessment which was part of the settlement process. A local authority's ability to raise income locally would be assessed but they would not drill down to a deeper level. The Government grant was reducing and would decline over the next four years to the point where we would need to become independent of Government funding other than retained business rates and specific grants
- Queried the Council's levels of assets and whether the Government could dictate how we use them – We were expanding our property portfolio directly and indirectly. If we were forced to dispose of an asset we would generate a capital receipt which could not be used for revenue purposes. Revenue receipts, including revenue income generated from assets could be used to support the revenue account.

## RESOLVED

- 1) That the audited Statement of Accounts 2015-16 be adopted.
- 2) That the Letter of Management Representation be agreed and signed by the Head of Finance & Governance Services and the Chairman of the committee.

(Subsequent to the meeting the Letter of Management Representation was signed)

## 87 2015/16 Annual Governance Statement and Corporate Governance report

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

Mr James presented the report. The committee made comments, including the following:

- Queried the consistency of recording mitigation against risks – These bullet points would be expanded to include the mitigation.
- Queried business continuity resilience in terms of whether the Resilience Direct web site had its own business continuity plans. – **Mrs Ryan undertook to provide a written response to this question.**
- Queried the number and type of cyber-attacks being experienced by the Council – Our security is constantly being reviewed with ransomware, phishing and viruses being experienced on a daily basis. The Strategic Risk Register would be considered by this committee at its next meeting in November and this would include an update on the current situation including statistical data to give some context of the attacks experienced.
- Queried the non-achievement of the recycling targets – The Waste Minimisation Panel was working on an action plan. We are at 39.1% at present but not likely to be fined as some EU countries were achieving much lower results. Chichester Contract Services had started to push the green waste service to help meet the target. Last year we received 10% recycling credits (redistributed from WSCC) and this would increase to 20% by 2018.

- Queried the staff ratio under the effectiveness of the Internal Audit section – This would be amended to the number of FTEs who were employed during the year in subsequent reports.

## **RESOLVED**

That, subject to the suggested amendments being incorporated, the committee's annual report on the Council's governance arrangements, including the 2015-16 Annual Governance Statement at Appendix 1, be agreed.

## **RECOMMENDED TO COUNCIL**

That the Corporate Governance & Audit Committee's annual report on the Council's governance arrangements, including the 2015-16 Annual Governance Statement, be noted.

### **88 Formal complaints, FOI requests and Subject Access Requests Analysis 2015-16**

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

Mrs Delahunty presented the report. The committee made comments, including the following:

- Queried the trend in procedures/enforcement complaints and what we were learning as a result – The first stage of dealing with the complainant by telephone tends to stop the escalation of a complaint.
- Queried the complaints following the introduction of the Pay on Foot scheme at the Avenue de Chartres car park – This scheme had had teething problems but these had since been resolved and the complaints had decreased.

## **RESOLVED**

That the 2015-16 Annual Report on Complaints, Freedom of Information Requests and Data Protection be noted.

### **89 Internal Audit - Audit Plan Progress**

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

Mr James presented the report, providing an update on the recommendations made in the three audits – Data Security (Public Service Network), Rent Deposits and Treasury Management. He also presented the audit plan progress report.

The committee made comments including the following:

- The PSN audit needed to differentiate between the Cabinet Office and the Council's Cabinet.

- Queried the level of contingency we have for housing homeless people – This was variable depending upon demand, with Westward House close to full occupancy at present. A business case was being prepared to expand the resources available to increase the supply of temporary accommodation.

**RESOLVED**

That the audit reports and progress against the Audit Plan be noted.

The meeting ended at 11.20 am

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CHAIRMAN

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Date: