

**CANNOCK CHASE COUNCIL**  
**MINUTES OF THE MEETING OF THE**  
**AUDIT AND GOVERNANCE COMMITTEE**  
**TUESDAY, 01 APRIL, 2014 AT 4.00 P.M.**  
**IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**

**PART 1**

PRESENT:  
Councillors

Ball, G.D. (Chairman)  
Bottomer, B. (Vice-Chairman)

Gamble, B.            Molineux, G.

Also Present            Grant Patterson, Director – Grant Thornton (External Auditors)  
Andrew Reid, Senior Manager – Grant Thornton (External Auditors)

**33. Apologies**

Apologies were received from Councillor J. Johnson

**34. Declaration of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

**35. Minutes**

RESOLVED:

That the Minutes of the meeting held on 13 November 2013 be approved as a correct record and signed.

**36. Annual Governance Statement – Quarter 3 Progress Report**

Consideration was given to Report of Head of Governance (Item 4.1 – 4.8 of the Official Minutes of the Council).

The Head of Governance provided the following update:

- The actions and progress detailed were up to the end of February 2014 rather than December 2013;
- Any actions not completed as at 1 April 2014 would be carried over to 2014-15;
- Contract Procedure Rules – in the process of being reviewed and

- updated in conjunction with Stafford Borough Council;
- Code of Governance – officer titles need to be updated to reflect changes to the senior management structure and responsibility for specific duties within the framework;
- Review of Employee Code of Conduct – the review of the Council's Values was nearly complete, so work to review the Employee Code will commence afterwards;
- Member training and development survey – this will now take place after the post elections councillor induction programme in May 2014;
- ICT Security Policies – these have now been approved and issued to employees. They will be issued to councillors as part of the induction programme.

RESOLVED:

That the report be noted.

### **37. Strategic Risk Register**

Consideration was given to the Report of the Head of Governance (Item 5.1 – 5.4 of the Official Minutes of the Council).

The Head of Governance provided the following update:

- Five risks have not changed status since the last update, and one has been revised from red to amber status;
- Risk no. 17 – rating status has changed due to the completion of the annual budget process;
- Risk no. 15 – Expect this risk to be revised or removed from the register by the time of the next review as work on the Local Plan was well underway;
- Risk no. 4 – status of this risk had been discussed with the Corporate Director and Head of Commissioning. Need to determine whether it will be encompassed within the wider financial risks, or refined and refocused.

RESOLVED:

That the report be noted.

### **38. Internal Audit – Quarter 3 Report 2013-14**

Consideration was given to the Report of the Chief Internal Auditor (Item 6.1 – 6.3 of the Official Minutes of the Council).

The Chief Internal Auditor provided the following update:

- By the end of Q3, 14 out of 22 planned audits had been completed, however it was expected that all audits planned would be completed by the end of 2013/14, with the exception of the fleet management audit which was being deferred to 2014/15.

- Culture & Leisure Services Contract Monitoring audit – the working relationship with Wigan Leisure & Culture Trust (WLCT) will continue to be monitored, at distance, following acceptance by Council management of the level of risks involved in the current processes.
- Central Control audit – following the original audit undertaken in April 2013, management have been working to address the issues raised, but some require further time to fully address them, so the classification for the service has been revised from ‘Needs Fundamental Change’ to ‘Requiring Some Improvement’;
- Housing Benefit Fraud Investigation Team audit – one issue identified had recently been resolved so the audit classification would be revised to ‘Effective’ .
- General Ledger (IT Audit) 2<sup>nd</sup> Follow-up – Whilst remaining “Requiring Some Improvement” at the time of the follow-up it is not recommended that the Audit Committee should take action at this time to question the lack of progress as it is expected that most of the outstanding issues should have been rectified by a software update which took place in February 2014, although no audit work has yet been undertaken to address this it will be verified as part of the main General Ledger audit in quarter 4..

Councillor Gamble queried if the Audit team were satisfied that where items had been identified as requiring improvements then the necessary changes would be achieved. The Chief Internal Auditor replied that this was the case for all audits apart from the Culture & Leisure Services Contract Monitoring as management had not offered up any improvements to the risks identified.

The Chairman asked what was happening in respect of the Streetscene – Street Cleansing Function audit, as this was still identified as ‘Needs Fundamental Change’.

The Chief Internal Auditor replied that this had been discussed at previous meeting of the Committee, but work was still ongoing to address issues raised. Due to the manager of this area being on long term sickness, the audit would be subjected to follow-up in 2014-15.

RESOLVED:

That the progress during the third quarter of 2013-14 be noted.

### **39. Internal Audit Plan for 2014-15**

Consideration was given to the Report of the Chief Internal Auditor (Item 7.1 – 7.6 of the Official Minutes of the Council).

The Chief Internal Auditor asked the Committee to give consideration to omitting the Leisure Contract Monitoring Arrangements from the proposed 2014-15 Audit Plan despite it being identified as high risk status. Internal Audit had classified this area as “Requiring Some Improvement” in 2013-14. Management have accepted the findings but are not looking to address the

issues identified. Due to the good working relationship with WCLT they are happy to accept the level of risk identified in the report. As such it would be more beneficial to use Internal Audit's resources on other services rather than make the same recommendations in 2014-15. .

In respect of audits where recommendations for improvement had been identified, Councillor Gamble queried how much time services were given to implement the recommendations before a follow-up audit was conducted.

The Chief Internal Auditor indicated that follow-ups are normally carried out 6 months after a final audit report has been issued. Although it is accepted that some actions may not have fully completed at that time. If sufficient progress has not been made a second follow-up will be scheduled after a further 6 months.

RESOLVED:

That;

(A) The Audit Plan for 2014-15 be approved

(B) The Leisure Contract Monitoring Arrangements be omitted from the Audit Plan for 2014-15.

#### **40. Confidential Reporting, Anti-Fraud & Bribery and Anti-Money Laundering Frameworks**

Consideration was given to the Report of the Chief Internal Auditor (Item 8.1 – 8.5 of the Official Minutes of the Council).

Councillor Gamble queried how often the Confidential Reporting Policy had been used since it was first adopted.

The Chief Internal Auditor replied that an average of 1 to 2 issues were raised annually via the Policy, and were either resolved immediately as not being relevant concerns to raise or were fully investigated.

The Chief Internal Auditor then advised that training was going to be arranged for Wider Management Team on the policies, and information included in the Core Brief. Information will also be circulate to Members in due course.

Councillor Bottomer queried what happened once an issue was reported using one of these policies. The Chief Internal Auditor replied that reports were referred to specific named officers with records held on a central file stored separately from the complaints files.

The Head of Governance advised that when issues were reported over the telephone, it was advisable to also send an email to ensure a paper trail was in place.

RESOLVED:

That Cabinet, at its meeting to be held on 17 April, 2014, be recommended to adopt the Anti-Fraud & Bribery Framework; the revised Confidential Reporting Framework and the Anti-Money Laundering Framework.

#### Reasons for Decisions

The Council has existing Anti-Fraud and Confidential reporting frameworks which were last approved in 2009. Since that time there have been a number of changes in legislation and best practice including the introduction of the Bribery Act and changes to the law surrounding protection to employees for Whistleblowing. The policies have been updated to reflect these changes.

The Council has not previously adopted a Money Laundering framework or offered direct guidance and support to its employees on the identification and reporting of suspected money laundering since the Proceeds of Crime Act was introduced. Although the Council is not part of the Regulated Sector which are required to have detailed formal procedures in place it is seen as best practice to have a policy in place. The attached Anti-Money Laundering Framework has therefore produced to provide a reporting mechanism as well as support to employees.

The Confidential Reporting Framework provides a clear, documented route by which anyone, whether internal or external to the Council, can report concerns about illegal, improper or dangerous activities and provides protection where it is available against harassment and victimisation for doing so. It sits as a front-end process which can provide a route to raise concerns in confidence into a number of Council policies and processes.

The Anti-fraud and Bribery Framework provides information relating to the Council's stance on fraud and bribery and set-out the processes that will be used to investigate and where necessary prosecute any fraud or bribery identified. It also sets-out the proactive work undertaken to minimise the Council's chances of falling victim to fraud or bribery.

The Anti-Money Laundering Framework sets out the actions the Council will take to minimise its exposure to money-laundering as well as providing a route by which suspicious activity can be reported. The framework also sets-out the actions the Council will take when money-laundering activity is identified to ensure compliance with the necessary legislation.

#### **41. Cannock Chase District Council Audit Plan 2013-14**

Consideration was given to the Report of the External Auditors (Item 9.1 – 9.16 of the Official Minutes of the Council).

Grant Patterson advised that as the Council had not yet commenced a review of its S106 reserves as recommended in the previous year, progress on completing this recommendation would be followed up with relevant Officers.

RESOLVED:

That the report of the External Auditors be noted.

**42. Informing the Audit Risk Assessment for Cannock Chase District Council**

Consideration was given to the Report of the External Auditors (Item 10.1 – 10.21 of the Official Minutes of the Council).

Andrew Reid advised that on the basis of responses received from Officers, the Auditors were happy that the Council did not have any significant weaknesses, and that there was adequate and appropriate structures in place to manage risk.

Councillor Gamble queried the change of accounting method for property plant & equipment valuations.

Andrew Reid replied that the guidance had changed, which meant that councils now had to have valuations in place for all council owned assets. In respect of Cannock, the Auditors were satisfied with the arrangements in place to support valuations taking place, although they were not strictly in line with CIPFA requirements.

Councillor Gamble then queried if the responses from Officers gave the Auditors assurances that the Council was on the right track.

Grant Patterson replied that this was the case, but the purpose of the presenting the assessment to the Committee was to allow for Members to ask questions and determine if the right framework was in place, but developing Members' understanding could form part of the Committee's training programme.

The Head of Governance advised that a questionnaire was to be distributed to Members, Officers and the Auditors in order to help conduct a review of the Audit Committee, and identify any specific training requirements.

Andrew Reid also advised that a document had been produced for Audit Committee members on understanding local authority accounts, which would be circulated to Members via the Senior Committee Officer.

RESOLVED:

That the report of the External Auditors be noted.

The meeting closed at 5:30pm

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CHAIRMAN