

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
TUESDAY 23 JUNE 2015 AT 4.00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK
PART 1

PRESENT:
Councillors

Witton, P.T. (Chairman)
Preece, J.T. (Vice-Chairman)

Dudson, Miss M.J. Hardman, B.
Freeman, Miss M.A. Johnson, J.P.

Also Present: James Cook, Engagement Lead – Grant Thornton (External Auditors)
 Andrew Reid, Senior Manager – Grant Thornton (External Auditors)

1. Apologies

Apologies for absence were received from Councillor J. Bowater.

2. 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.

3. Minutes

RESOLVED:

That the Minutes of the meeting held on 31 March, 2015, be approved as a correct record and signed.

4. Change in Order of Agenda

The Chairman advised that Item 5 of the Agenda (Review of the Effectiveness of Internal Audit, Internal Audit Charter and Quality Assurance & Improvement Programme) would be taken before Item 4 (Internal Audit Annual Audit Report 2014-15).

5. Review of the Effectiveness of Internal Audit, Internal Audit Charter and Quality Assurance & Improvement Programme

Consideration was given to the Report of the Head of Governance (Item 5.1 – 5.32 of the Official Minutes of the Council) (*presented by the Chief Internal Auditor*).

In relation to paragraph 5.3 of the report, Councillor J.P. Johnson queried if those responsible for monitoring the Public Sector Internal Audit Standards (PSIAS) would be concerned by the Council not complying with Standard 1110 'Organisational Independence'.

The Chief Internal Auditor replied that the requirement was to show conformance with the PSIAS rather than compliance, however the Council aimed to meet all the Standards where possible. Furthermore, the issue of non-compliance with PSIAS 1110 was commonplace across the public sector as the Standards had originally been developed using private sector audit practices/principles.

RESOLVED:

That:

- (A) The findings of the annual review of the effectiveness of Internal Audit for 2014-15 be noted.
- (B) It be noted that Internal Audit generally conforms to the Public Sector Internal Audit Standards, is operating effectively and can be relied upon when considering the Annual Governance Statement for 2014-15.
- (C) The revised Internal Audit Charter be approved.
- (D) The Quality Assurance & Improvement Programme document be approved.

6. Internal Audit Annual Audit Report 2014-15

Consideration was given to the Report of the Chief Internal Auditor (Item 4.1 – 4.3 + Appendix 1 of the Official Minutes of the Council).

In relation to paragraphs 3.8 to 3.12 of the Annual Report, Councillor Freeman queried if the issues identified were as a result of increased workload, reduced officer numbers etc.

The Chief Internal Auditor replied as follows:

- IT issues related to a lack of overall IT strategy for the Council, thus not giving clear direction to the IT department on how it should operate. Additionally, a lack of training and awareness about the IT policies released in 2013-14 has meant that officers were unclear about the impact those policies had on their working practices which meant the

policies were not being adhered to.

- In respect of areas of control weaknesses and lapses or gaps in supervisory/management controls, it appeared that these issues had occurred more due to management taking on additional responsibilities, thereby increasing their overall workload and not always being able to prioritise addressing the biggest risk areas.

Councillor Hardman queried if the lack of a clear IT strategy was due to the IT department being a shared service.

The Chief Internal Auditor replied that this was a factor in some of the issues which had occurred, however work was being undertaken to align systems and working practices at both Cannock DC and Stafford BC.

Councillor M.J. Dudson queried how Members would be able to monitor any improvements made as a result of the audits.

The Chief Internal Auditor replied that follow-up audits were undertaken and updates would be included in the quarterly Internal Audit reports which were considered by the Audit & Governance Committee.

The Head of Governance further replied that in respect of the IT strategy, the Head of Technology (based at Stafford BC) had been experimenting with different forms of technology at Cannock and Stafford, so the outcome of those experiments was awaited before moving forward with the strategy. Furthermore, Members could request the Head of Technology to attend a future meeting of the Committee if they were not happy with the progress being made to address the issues identified.

Councillor Freeman raised concern about the impact that increased workloads and reduced officer levels were having on officers' morale.

The Head of Governance acknowledged that this could be an issue and was being monitored.

RESOLVED:

That the Internal Audit Annual Audit Report for 2014-15 be noted.

7. Strategic Risk Register

Consideration was given to the Report of the Head of Governance (Item 6.1 – 6.12 of the Official Minutes of the Council).

The Head of Governance advised that a full risk assessment would be taken of the new Corporate Plan once it had been finalised, therefore the number of risks included on the Register may increase in due course.

RESOLVED:

That the progress during the fourth quarter of the 2014-15 financial year be noted.

8. Annual Governance Statement 2014-15

Consideration was given to the Report of the Head of Governance (Item 7.1 – 7.22 of the Official Minutes of the Council).

In respect of welfare reforms and the move to Universal Credit, Members sought assurances that new claimants would be given support with personal budgeting skills and access to IT facilities.

The Head of Governance replied that provision of such support was still being discussed with the Department of Work and Pensions; however Members would be able to monitor progress and rollout of the changes via the Annual Governance Statement update reports which would be presented to the Committee throughout the year.

The Head of Governance also advised that the issue ‘Capacity of Management due to reductions needed to meet financial savings’ would be overseen by the Managing Director with support from Leadership Team.

RESOLVED:

That Council, at its meeting to be held on 8 July 2015, be recommended to approve the Annual Governance Statement for 2014-15.

9. Annual Treasury Management Report 2014-15

Consideration was given to the Report of the Head of Finance (Item 8.1 – 8.9 of the Official Minutes of the Council) (*presented by the Deputy Head of Finance*).

RESOLVED:

That:

(A) The actual 2014/15 prudential and treasury indicators as set out in the appendix to the report be approved.

(B) The annual treasury management report for 2014-15 be noted.

10. Planned Audit Fee for 2015-16

Consideration was given to the Letter of the External Auditors (Item 9.1 – 9.4 of the Official Minutes of the Council).

Andrew Reid advised that the planned audit fee for 2015-16 had reduced by 25% compared to 2014-15. This had primarily been achieved thanks to

procurement exercises undertaken by the Audit Commission across the local government and health sectors.

RESOLVED:

That the Letter and its contents be noted.

The meeting closed at 4:50pm.

CHAIRMAN