

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, BOOTLE
ON 27 JUNE 2012**

PRESENT: Councillor Carr (in the Chair)
Councillor McGinnity (Vice-Chair)

Councillors Booth, Brennan, Lord Fearn,
John Joseph Kelly, McIvor, Papworth and Shaw

ALSO Present: Mr. P. Chambers from PricewaterhouseCoopers.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Maher.

2. DECLARATIONS OF INTEREST

The following declaration of interest was made.

Member	Minute No.	Reason	Action
Councillor Brennan	20 – Corporate Risk Management and Corporate Risk Register	Personal – He is a Non Executive Director of Sefton New Directions which is referred to in the report	Took part in the consideration of the item and voted thereon

3. MINUTES OF PREVIOUS MEETING

RESOLVED:

That the Minutes of the meeting of this Committee held on 28 March 2012 be confirmed as a correct record.

4. EXTERNAL AUDIT PLAN 2011/12 - PROGRESS REPORT

Mr. P. Chambers from the Council's External Auditors, PricewaterhouseCoopers reported verbally that they had completed their interim visit as part of the External Plan, to review the Council's control environment and IT environment which would be discussed with Council Officers in due course, but no significant issues had been identified. He indicated that the audit of the Council's financial statements for 2011/12 had been commenced and would be the subject of a report to the next meeting of the Committee.

RESOLVED:

That the update report be noted.

5. DOUBTFUL DEBT PROVISION - NATIONAL NON-DOMESTIC RATES

Further to Minute No. 41 of the meeting held on 28 March 2012, the Head of Corporate Finance and ICT submitted a report on the methodology for determining the target level of provision for Business Rate Debts and the proposed changes to the process for the collection of business rates by local authorities, which would be implemented by the Government in 2013/14.

The Head of Corporate Finance and ICT reported that the Council had achieved a Council Tax collection rate of 97.1% for 2011/12 in comparison to the national metropolitan council rate of 96% and achieved a Non Domestic Rate collection rate of 97.8% for 2011/12 in comparison to the national metropolitan council rate of 96.8%.

RESOLVED: That:

- (1) the report be noted; and
- (2) the Head of Corporate Finance and ICT submit a further report on the proposed changes to the process for the collection of business rates by local authorities when the details of the new scheme have been published by the Government.

6. INTERNAL AUDIT ANNUAL REPORT 2011/12

The Committee considered the report of the Head of Corporate Finance and ICT reviewing Internal Audit Activity for 2011/12 and setting out the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of the Council's internal control environment.

The Head of Corporate Finance and ICT referred to increased number of audit days spent on advice, consultancy and investigations; and supervision and management during 2011/12 as set out in Section 3 of the report and indicated that this was due to the increased audit activity on restructuring proposals and reviews of services under the Transformation Programme.

The report included a Self Assessment Review of Internal Audit undertaken as part of the review of the system of internal control which had been compiled in line with the guidance provided in the CIPFA Code of Practice for Internal Audit 2006 and provided details of Arvato's Performance on Benefit Fraud Management during 2011/12.

RESOLVED: That

- (1) the report be noted;
- (2) it be noted that the Chief Internal Auditor was satisfied that the Council continues to operate within an adequate and generally effective overall control environment;
- (3) the self assessment Review of Internal Audit contributing to the consideration of the system of internal control be noted; and
- (4) the report on Benefit Fraud Management activity be noted.

7. STANDARDS REGIME AT SEFTON COUNCIL

Further to Minute No. 4 of the meeting of the Standards Committee held on 19 June 2012, the Committee considered the report of the Head of Corporate Legal Services which provided a further update on the impact of the Localism Act 2011 and the current standards regime following the Council meeting on 12 April 2012.

The report contained the following appendices:

- Local Government Association proposed Code of Conduct
- Department of Communities and Local Government illustrative text for dealing with the conduct of Members and Co-opted Members
- Sefton Council's revised Code of Conduct which had been approved by Council
- Proposed additional terms of reference for the Audit and Governance Committee

The report also provided details of the new Regulations relating to the disclosure of pecuniary interests by local authority members and co-opted members and the appointment of Independent Persons, which would take effect on 1 July 2012; and the action to be taken by Officers on these issues.

A discussion took place on the arrangements to be made for Members of the Council to be briefed on the revised Code of Conduct prior to the Council Meeting on 5 July 2012, the briefing arrangements for Parish Council representatives, the on-line submission of disclosable pecuniary interests by Members of the Council, the problems that may be encountered within the Merseyside sub region if different Codes of Conduct are implemented by the local authorities and the arrangements to be made for all Members of the Committee to receive training on the procedures for assessing, reviewing and hearing complaints against Members of the Council under the new Code of Conduct.

RESOLVED: That:

- (1) the report be noted;

- (2) it be noted that a further review and research would be undertaken of the administration of the Standards Regime and the Code of Conduct within the current municipal year and be submitted to this Committee and the Council for consideration;
- (3) the Council be recommended to approve the additional terms of reference for this Committee as set out in Appendix D of the report; and
- (4) the Council be recommended to give approval to the appointment of a Parish Council representative and substitute representative (appointed by the Sefton Area Partnership Of Local Councils) as a co-opted member of the Audit and Governance Standards Sub Committees, to enable him/her to be involved in the consideration of any complaints submitted in respect of the conduct of any Parish Councillor within the Borough of Sefton.

8. INTERNAL AUDIT ANNUAL PLAN 2012/13

The Committee considered the report of the Head of Corporate Finance and ICT on the proposed Internal Audit Plan for 2012/13 which had been developed in close consultation with the Strategic and Service Directors in order to identify the key areas of risk for the forthcoming financial year and ensure that appropriate coverage of Council services is undertaken in order to enable an opinion on the effectiveness of the overall control environment to be formed at the end of 2012/13.

RESOLVED:

That the Annual Audit Plan for 2012/13 be approved.

9. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they would involve the likely disclosure of exempt information as defined in Paragraphs 3 and 7 of Part 1 of Schedule 12A to the Act. The Public Interest Test had been applied and favoured exclusion of the information from the press and public.

10. INTERNAL AUDIT ANNUAL FRAUD REPORT 2011/12

The Committee considered the report of the Head of Corporate Finance and ICT which provided a summary of the proactive and reactive anti-fraud and investigation work undertaken during 2011/12 by the Internal Audit Team.

RESOLVED:

That the report be noted.

11. CORPORATE RISK MANAGEMENT AND CORPORATE RISK REGISTER

The Committee considered the report of the Head of Corporate Finance and ICT on the work undertaken by the Corporate and Community Risk Management Group on the management and mitigation of risk within the Council since the last meeting of the Committee. The report also provided details of the Corporate Risk Register which had been updated to reflect the Council's corporate objectives and monitor the Council's strategic risks.

During the consideration of the report, a member of the Committee enquired whether there was a risk to the Council as a result of the Controlling Political Group taking all the positions of Chair for the Overview and Scrutiny Committees and this Committee. The member was advised that the appointment of Committee Chairs for 2012/13 was determined by the Council on 15 May 2012 but the Head of Corporate Finance and ICT indicated that it was a reasonable question to raise, as this Committee is responsible for risk management and corporate governance issues and this view was reiterated by the Mr P. Chambers from PricewaterhouseCoopers. She advised the Committee that this issue would have been considered by the Chief Executive and the Monitoring Officer prior to the Council meeting and that she was not aware of any corporate risk following the Council decision, but she would investigate this matter further and send a response to this question to all Members of the Committee in order to reassure them that there was no corporate risk involved.

RESOLVED: That:

- (1) the report be noted; and
- (2) the updated Corporate Risk Register be approved.