

Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Tuesday, 17 November 2015.

PRESENT

Mr. A. M. Kershaw CC (in the Chair)

Mr. G. A. Boulter CC
Mr. G. A. Hart CC
Mr. K. W. P. Lynch CC

Mr. T. J. Richardson CC
Mr. S. D. Sheahan CC
Mr. R. J. Shepherd CC

77. Minutes.

The minutes of the meeting held on 25 September 2015 were taken as read, confirmed and signed.

78. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

79. Questions asked by members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

80. Urgent Items.

There were no urgent items for consideration.

81. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mr Shepherd CC declared a personal interest in item 6: Annual Audit Letter 2014/15 Statement of Accounts, as a member of the teachers' pension scheme. Mr Lynch CC also declared a personal interest in item 6: Annual Audit Letter 2014/15 Statement of Accounts, as his wife was a member of the teachers' pension scheme

Mr Richardson CC declared a personal interest in item 9: Quarterly Treasury Management Report as he was in receipt of a pension from Lloyds Bank.

82. Annual Audit Letter 2014/2015

The Committee considered a report of the Director of Corporate Resources which presented the Annual Audit Letter for 2014/15 for approval. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Chairman welcomed Matthew Elmer of PricewaterhouseCoopers, the County Council's external auditors for 2014/15, to the meeting.

RESOLVED:

That the Annual Audit Letter be approved and distributed to all Members of the Council.

83. New external auditors KPMG - introduction to the Committee.

The Chairman welcomed John Cornett and Daniel Hayward of KPMG, the County Council's new external auditors, to the meeting for this and other items. John Cornett and Daniel Hayward gave a presentation by way of introduction to themselves and outlined the approach to audit taken by KPMG. A copy of the presentation slides is filed with these minutes.

Arising from the presentation the following points were noted:

- (i) KPMG intended to create a close working relationship with Officers and Members of the County Council and maintain continuous dialogue so that no issues would arise at the end of the year that they were not aware of.
- (ii) The Annual Audit Plan 2015/16 would be submitted to the Corporate Governance Committee at its meeting on 19 February 2016.
- (iii) Guidance on the Value For Money (VFM) audit approach was originally provided by the Audit Commission, however the work of the Audit Commission in this area had been taken over by the National Audit Office who were yet to publish their own guidance on VFM. KPMG were of the view that when published the guidance would not greatly differ from that of the Audit Commission however they would keep the Corporate Governance Committee updated of any developments.

84. Clinical Governance Update.

The Committee considered a report of the Director of Public Health, which outlined the approach taken by Public Health in assuming oversight of clinical governance, and provide a summary of the Clinical Governance Board's work in the previous 12 months. A copy of the report, marked 'Agenda Item 8' is filed with these minutes.

It was noted that an audit carried out in February 2015 had found all providers of public health services to be either fully compliant or working towards full compliance in relation to their requirements for tackling Child Sexual Exploitation. The Director of Public Health agreed to check whether a timescale for achieving full compliance had been put in place and if it had not then implement one.

Members questioned whether the Accountability Arrangements for the Quality and Clinical Governance Board could be more streamlined and whether the hierarchical structure was necessary. The Director of Public Health agreed to give further consideration to this issue and report back to the Committee.

The Head of Internal Audit Service explained that the substantial assurance given in an audit report on the Public Health Clinical Governance was on the framework design and that future work would take place on compliance.

RESOLVED:

(a) That the contents of the report be noted and in particular that it be noted that a Leicestershire County Council internal audit report had concluded that substantial assurance could be given as to the suitability of the Framework design for Public Health Clinical Governance but that future work would take place on compliance with that Framework.

(b) That the Director of Public Health be requested to explore options for simplifying the accountability arrangements and structure of the Quality and Clinical Governance Board and report back to the Corporate Governance Committee within 6 months.

85. Quarterly Treasury Management Report.

The Committee considered a report of the Director of Corporate Resources, which provided an update on the actions taken in respect of treasury management in the quarter ended 30 September 2015. The Committee also considered the County Council's list of acceptable counterparties for lending of surplus funds. A copy of the report, marked 'Agenda Item 9', and the list of counterparties, are filed with these minutes.

In response to a question from a Member the Director of Corporate Resources agreed to circulate to Members the County Council criteria for lending surplus funds to other Local Authorities.

RESOLVED:

That the contents of the report be noted.

86. Proposed Changes to the Contract Procedure Rules.

The Committee considered a report of the Director of Corporate Resources and the County Solicitor which reported on the operation of the Contract Procedure Rules between 1 July 2014 and 30 September 2015, brought to the Committee's attention actions being taken to continue to ensure compliance, and recommended revisions to the Rules. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

Arising from discussions the following points were noted:

- (i) With regard to the approved exceptions to the Rules, Members asked for data covering the same period in previous years to enable them to make a comparison.
- (ii) With regard to approving contract extensions where there was no provision in the contract for an extension, the Director of Corporate Resources explained that in some cases the services required redesigning or the contract was not fit for purpose and therefore it was prudent to extend the original contract for a short period of time to enable the re-procurement exercise to be undertaken.
- (iii) Members asked for the criteria for when a bond would be requested in circumstances where a contract was extended. The Director of Corporate Resources informed that part of the criteria was the level of risk and also the value of the contract. Further details of the criteria would be circulated to Members.

RESOLVED:

- (a) That the contents of the report on the operation of the Contract Procedure Rules between July 2014 and September 2015 be noted;
- (b) That the County Council be recommended to approve the proposed amendments to the Contract Procedure Rules, as set out in Appendix B to the report;
- (c) That the Director of Corporate Resources be granted delegated authority to revise the value threshold currently stated as £172,514 contained within Rule 6 (Exceptions), Rule 11 (Procurement exercise process), Rule 19 (Irregular Tenders), Rule 20 (Receipt and opening of tenders), and Rule 32 (Early termination), in the proposed Contract Procedure Rules to align with the new EU thresholds coming into force in January 2016.

87. Proposed Changes to the Standard Financial Instructions.

The Committee considered a report of the Director of Corporate Resources which recommended revisions to the Standard Financial Instructions. A copy of the report marked 'Agenda Item 11', is filed with these minutes along with Appendix A which contains the proposed amendments.

Members requested that a report come to future meetings of the Corporate Governance Committee regarding write-offs in the County Council accounts. The Director of Corporate Resources informed that write-offs were covered in the report on the Medium Term Financial Strategy which came to the Committee on an annual basis, however he could also provide information on write-offs as part of the report on the External Audit of accounts which usually came to the Committee in September. It was noted that many of the write-offs regarded very small amounts of money, for example with library fines, therefore it would be prudent to set a financial figure above which write-offs should be reported to the Committee. The Director of Corporate Resources agreed to consider the best way forward on this issue and update the Committee at a later date.

RESOLVED:

That the proposed amendments to the Standard Financial Instructions as set out in Appendix A to the report be approved.

88. Risk Management Update.

The Committee considered a report of the Director of Corporate Resources which provided an overview of key risk areas and the measures being taken to address them. The report also provided an update on related risk management matters such as the Independent Inquiry into Child Sexual Abuse (Goddard Inquiry). A copy of the report marked 'Agenda Item 12' is filed with these minutes.

The Committee also received a presentation on mitigating the risks associated with fraud. A copy of the slides forming the presentation is filed with these minutes.

Presentation

Arising from the presentation the following points were noted:

- (i) The results of the annual Fraud Risk Assessment would be considered by the Corporate Governance Committee at its meeting in February 2016.
- (ii) The e-learning module on fraud awareness which Council staff were required to undertake did contain questions about the course content which staff were required to answer before they could move onto the next section of the module, however there was not a formal test at the end which staff were required to pass. Conversations were ongoing with the Learning and Development Department of the Council about updating the e-learning module on fraud awareness and the Director of Corporate Resources agreed to explore whether a test for staff could be added.
- (iii) Discussions were taking place regarding intelligence sharing with partner organisations however the Director of Corporate Resources was seeking assurance from the County Solicitor that this would be legally compliant.
- (iv) Contracts between the County Council and service providers contained provisions to prevent fraud and therefore protect the County Council, and the Director of Corporate Resources would conduct internal audit checks of this.

Risk Register

Arising from discussions the following points were noted:

- (i) With regard to risk 3.5 – 'Breach of Data Protection Act – retention of files longer than required', it was clarified that a decision had been made by the County Council to retain children's case files beyond Data Protection Act requirements as a result of legal advice received. This risk was under constant review.
- (ii) The Committee welcomed the additional detail included in the report regarding the County Council's response to the newly appointed national Goddard Inquiry. It was noted that initial work on a comprehensive chronological record of the County Council's role in relation to safeguarding had commenced and that this would include all

departments of the County Council, including Environment and Transport. It was also noted that records may be required for periods beyond the initial start date for this record of 1973 and that this would be decided by the Inquiry team in due course.

(iv) With regard to the insolvency of the Independent Insurance Co. Ltd. the Director of Corporate Resources informed that the precise amount of money the County Council had lost was not yet known because it depended on how many other claims were made against the insurance company. It could take a long time for all those claims to come to light but the Director of Corporate Resources would keep the Committee updated with progress. The Director of Corporate Resources also agreed to put more detail regarding insurance issues in the report next time to explain the history.

RESOLVED:

(a) That the current status of the strategic risk, the addition of new risks facing the Council and the updated Corporate Risk Register be approved.

(b) That the Council's response to the Independent Inquiry into Child Sexual Abuse (Goddard Inquiry) be noted.

(c) That the update on business continuity and insurance be noted.

(d) That a presentation be provided at the next meeting of the Committee on Business Intelligence.

89. Quarterly Internal Audit Service Progress Report.

The Committee considered a report of the Director of Corporate Resources, which summarised the work of the Internal Audit Service since the last report to the Committee, and report where high importance recommendations had been made. A copy of the report, marked 'Agenda Item 13', is filed with these minutes.

Arising from discussions the following points were noted:

- (i) No new high importance audits had been conducted.
- (ii) The Internal Audit Service had been working with Wigston Library and Learning Centre because a request had been made by the Library for commentary on financial procedure changes that had been implemented.
- (iii) In response to a request for all Members to be able to access a library of final Audit reports the Director of Corporate Resources agreed to look into whether this was feasible but advised that some of the reports might need redacting. It was noted that details of High Importance audit recommendations were provided in an appendix to the report to the Corporate Governance Committee.

RESOLVED:

That the contents of the report be noted.

90. Regulation of Investigatory Powers Act 2000 (RIPA) - Annual Report.

The Committee considered a report of the County Solicitor, the purpose of which was to advise on the County Council's use of the Regulation of Investigatory Powers Act 2000 for the period 1 October 2014 to 30 September 2015, and to ask the Committee to make recommendations to the Cabinet on the approval of a revised Covert Surveillance and the Acquisition of "Communications Data" Policy Statement. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

Arising from discussions the following points were noted:

- (i) Due to the Nicotine Inhaling Products (Age of Sale and Proxy Purchasing) Regulations 2015 the Policy Statement would need to include reference to nicotine inhaling products.
- (ii) All applications which the County Council had submitted to the Courts for obtaining investigatory powers during the period 1 October 2014 to 30 September 2015 had been approved.
- (iii) The County Solicitor did not expect the Investigatory Powers Bill 2015, if passed, to result in any changes to the rules regarding Local Authorities.

RESOLVED:

- (a) That the County Council's use of the Regulation of Investigatory Powers Act 2000 for the period 1 October 2014 to 30 September 2015 be noted;
- (b) That the Cabinet be recommended to agree to amend the County Council's Policy Statement on the use of RIPA powers to reflect legislative changes since the Policy Statement was last approved;
- (c) That the Committee continues to receive an annual report on the use of RIPA powers and reports to the Cabinet on an annual basis on both the use of RIPA powers and whether the Policy remains fit for purpose.

91. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on 19 February 2016 at 10:00am.

10.00 - 11.35 am
17 November 2015

CHAIRMAN