

Minutes of a Joint Meeting of the Audit & Governance Committee and the Overview & Scrutiny Committee held at Riverside, Lowestoft on **Wednesday, 25 July 2018** at **6.00pm**

Audit & Governance Committee Members Present:

Councillors S Woods (Chairman), E Back, M Barnard, M Cherry, L Coulam, T Gandy, A Green and L Smith.

Overview & Scrutiny Committee Members Present:

Councillors A Cackett (Chairman for the Overview & Scrutiny Committee), P Byatt, P Light, J Murray and N Webb.

Other Members present:

Councillor B Provan, Cabinet Member for Resources
Councillor Y Cherry – Public Gallery

Others in attendance:

T Poynton – Audit Manager, Ernst & Young

Officers Present:

L Fuller (Audit Manager), H Javadi (Chief Finance Officer), S Martin (Head of Internal Audit), C Roberts (Democratic Services Officer), S Taylor (Finance Manager, Financial Compliance), S Mills (Corporate Counter Fraud Manager).

1 APOLOGIES / SUBSTITUTES

Apologies were received from Councillor L Smith from the Audit & Governance Committee.

Apologies were received from Councillor T Gandy from the Overview & Scrutiny Committee as she was sitting as a Member of the Audit & Governance Committee.

Apologies were received from Councillors G Elliott, L Gooch, R Neil and K Springall from the Overview & Scrutiny Committee.

Councillor M Cherry substituted for Councillor K Patience as a Member of the Audit & Governance Committee.

Councillor P Byatt substituted for Councillor L Gooch as a Member of the Overview & Scrutiny Committee.

2 DECLARATIONS OF INTEREST

No declarations of interest were made.

3 MINUTES

RESOLVED

That the Minutes of the Meeting of the Audit & Governance Committee held on 15 March 2018 be approved as a correct record and signed by the Chairman.

At this point in the meeting, at the request of Councillor Cackett (Chairman of the Overview & Scrutiny Committee), the Chairman proposed a change in the order of business to allow item 5 - Annual Governance Statement 2017/18 to be taken before item 4 – Standards Review, including Declarations of Gifts/Hospitality and Complaints Received in order to allow Members of the Overview & Scrutiny Committee to depart the meeting following this item.

It was therefore

RESOLVED

That item 5 - Annual Governance Statement 2017/18 be taken before item 4 – Standards Review, including Declarations of Gifts/Hospitality and Complaints Received.

5 ANNUAL GOVERNANCE STATEMENT 2017/18

The Cabinet Member for Resources introduced the report which was a key document and which helped to provide assurance to Members and other stakeholders regarding how the governance of the Council was conducted in accordance with the Accounts and Audit Regulations 2015 which required councils to produce an Annual Governance Statement by 31 July in line with the conclusion of the audit of the Statement of Accounts.

The Committee's attention was drawn to paragraph 3.3 on page 3 of Appendix A which set out the seven core principals of the revised CIPFA/SOLACE framework illustrating good governance in the public sector. The Review of Effectiveness on page 4 and Head of Internal Audit Opinion on page 7 of Appendix A were highlighted as well as the two areas identified in the 2016/17 Annual Governance Statement 2017/18 (Contract Management and Asset Management) which continued to require further work although positive movement had taken place in those areas and a comprehensive and resourced action plan was in operation for 2018/19. It was noted that all seven improvements carried forward from 2016/17 had been completed.

At this point, the Chairman of the Overview & Scrutiny Committee read a short statement which advised that, due to a change in the date by which the final Annual Governance Statement had to be signed off, there was no window for a draft to be considered as in previous years. The change to 31 July rather than 30 September was out of the Council's control as it was something which was a change in Government legislation (Accounts & Audit Regulations 2015). Therefore, Members of the Overview & Scrutiny Committee were aware that they would be able to comment but not vote on this item as it was the remit of the Audit & Governance Committee to vote. Members were advised that the Finance Manager (Financial Compliance) would be able to explain this further if required.

Questions from Members

Members noted that the three areas requiring improvement in the Head of Internal Audit Opinion in paragraph 4.29 of Appendix A relating to Contract Management, Asset Management and Health & Safety Duties from Partner Organisations had been identified for several years and sought assurance that these would be resolved prior to the new East Suffolk Council. The Head of Internal Audit confirmed that these issues were being addressed and would be resolved prior to the new East Suffolk Council.

Referring to paragraph 4.19 on page 5 of Appendix A, a Member noted that there had been 680 Freedom of Information (FOI) requests received in 2017/18 and asked whether this had been costed and whether there was a common thread running through these requests. The Head of Internal Audit advised that there was not necessarily a common thread. FOI requests had increased in recent years partly due to media reports. Customer Services assigned these requests to the relevant officers who were used to dealing with this legislation. Officers also received reminders regarding responding to FOI requests, however if there was still an issue people could contact the Information Commissioners Office. The Council endeavoured to put as much information as possible on the website.

Referring to paragraph 4.33 of Appendix A relating to locally raised business rates, a Member sought an update on the current position. The Chief Finance Officer advised that the movement from grant based funding to locally generated income would likely be a part of the 2020 spending review. Government was aiming for 75% business rate.

A Member asked whether the officer was confident that this would fill the gap as Lowestoft had many visitors who did not pay business rates. The Chief Finance Officer agreed that this was a complex area and additional figures would not necessarily mean additional business rate income, however local government would have more income in the local economy. Risk and management of risk was a new area which had to be carefully monitored.

A Member expressed concern that this could be costly for the Council if it had to assess businesses. The Chief Finance Officer confirmed that there would be no change in the process but it would be distributed differently.

A Member enquired whether there was a deadline for Members and staff to complete the mandatory Data Protection training. The Head of Internal Audit advised that this was an e-learning module and was mandatory for staff and, although not mandatory for Councillors, they were encouraged to complete the training bearing in mind the Council's Charter. The Head of Internal Audit advised that she maintained an accurate list of who had attended training and would be offering more sessions in due course.

Referring to the Council's Charter, a Member enquired how this would feed in to Suffolk Coastal and whether Councillors were following a rigid training programme. The Head of Legal and Democratic Services advised that there was a joint Member Development Programme offered to Councillors at Waveney District Council (WDC) and Suffolk Coastal District Council (SCDC) with ample opportunity for Members to attending training sessions. Any additional training required could be added to the programme which was reviewed

throughout the administration. The Charter assessors wanted to know how the evidence of the Charter would transfer to the new Council. A shadow Member Development Steering Group had been suggested and it was expected that this would commence in September where Members would consider what training could be offered to new Members in 2019.

The Chairman of the Audit & Governance Committee noted that the three areas highlighted for improvement within the Head of Internal Audit's Opinion in Appendix A appeared in a number of documents for consideration at the meeting.

The Chairman of the Overview & Scrutiny Committee advised that Overview & Scrutiny would be looking at those three areas for future Scrutiny and that Waveney Norse and Sentinel Leisure would be coming to Overview & Scrutiny to present their annual reports at which time they would be asked about the area of Health & Safety Duties from Partner Organisations. Although this was being monitored by the Council, they should have the necessary documentation available.

The Chairman of the Audit & Governance Committee noted that both Committees would be looking at Asset Management very carefully.

Referring to paragraph 4.6 of Appendix A, a Member noted that the 'Horizon Scanning/Risk Challenge Session' should be 13th October 2017 and not 2018 as stated.

Following Members' questions and comments, it was

RESOLVED

That the Annual Governance Statement for 2017/18 be approved.

The Chairman thanked Members of the Overview & Scrutiny for attending the meeting.

THE MEETING ADJOURNED AT 6.25PM AND RECONVENED AT 6.30PM TO ALLOW THE MEMBERS OF THE OVERVIEW & SCRUTINY COMMITTEE TO LEAVE THE MEETING

4 STANDARDS REVIEW, INCLUDING DECLARATIONS OF GIFTS/HOSPITALITY AND COMPLAINTS RECEIVED

The Head of Legal and Democratic Services presented the report and advised that a total of seventeen formal complaints had been received since the adoption of the Suffolk Code of Conduct on 25 July 2012. Six new complaints had been received since the last report was considered by the Committee in September 2017. Four had been against Parish Councillors and two against District Councillors. Following consideration, no further action had been taken in respect of these complaints.

Members were advised that the Committee on Standards in Public Life had commented that the new, slimmed down arrangements (under the Localism Act 2011) had yet to prove themselves sufficient for their purpose and it had considerable doubt that they would succeed in doing so and the Committee was intending to monitor the situation closely. Members would be updated following completion of the review.

Referring to the list of gifts/hospitality received by officers set out in paragraph 3.5 of the report, the Head of Legal and Democratic Services advised that these were minor gifts and she had no concerns regarding what was offered and accepted. The two larger items of a bottle of Jack Daniels and the box of wine and two boxes of chocolates had been donated to charity and not accepted by the officers concerned.

Questions from Members

Referring to the gifts given to Democratic Services by a WDC Councillor, a Member enquired whether these were given by the same WDC Councillor and which charities received the two larger gifts. The Head of Legal and Democratic Services stated that she did not believe that this was the same Councillor and that the gifts were given as a thank you and reflected the good service provided by Democratic Services which was gratefully received by Members. The Head of Legal and Democratic Services agreed to enquire of the officers concerned which charities received the larger gifts.

A Member asked whether the complaints raised and no further action taken was a reflection of the current standards regime or a result of the assessment of the complaints. The Head of Legal and Democratic Services advised that many of the complaints made against Town and Parish Councillors reflected where there was some discord amongst councillors of that particular town or parish and were not the type of complaints to invoke formal sanctions. It was more appropriate to offer training or mediation.

Following Members' questions, it was

RESOLVED

That the update report on standards issues be received and noted and that the Committee would receive a further update report in January 2019.

At this point in the proceedings, the Head of Legal and Democratic Services left the meeting at 6.50pm.

6 AUDIT RESULTS REPORT

The Cabinet Member for Resources introduced the report on the work carried out by Ernst & Young LLP (EY) to discharge their statutory audit responsibilities together with any governance issues identified. The Cabinet Member invited Mr Poynton to present the report.

Mr Poynton gave apologies on behalf of Mr Kevin Souter, Associate Partner, as he had been unable to attend the meeting due to diary conflicts with other committee meetings. Mr Poynton explained that the deadline for completion of this report had been brought forward from 30 September to 31 July which had resulted in them having to attend many meetings at this time of the year.

The Committee was informed that the Finance Team had had been able to produce the accounts by 31 May 2018 and it was confirmed that EY expected to issue an unqualified Audit Opinion by 31 July 2018. There were also no matters to report regarding the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and nothing to report in terms of Value For Money (VFM) or by exception.

Referring to Section 2 of Appendix A, it was reported that this work had now been completed and there were no matters arising with regard to significant risk. The following points were highlighted:

Property, Plant and Equipment Valuation: Difficulties were encountered in completing this work due to the absence of the officers who had prepared the valuations and to the lack of supporting evidence retained at the time to support valuation assumptions. A material error had been identified in relation to the valuation of the Waterlane Leisure Centre but no further matters had arisen.

Pension Liability Valuation: Work in this area was substantially complete. Testing had identified one material misstatement arising from a difference between pension asset values estimated by the Actuary and the actual pension asset values as at 31 March 2018. The Authority had liaised with the pension fund and the Actuary to obtain revised figures that would enable an adjustment to be made to the pension scheme liability in the financial statements.

Capital Financing Requirement (CFR): It was noted that CFR had been miscalculated in previous years as it incorrectly reduced the CFR by including finance lease liabilities in the calculation.

NDR Appeals: Only one calculation had been identified, however the Council had a higher provision than required so this was not an issue.

Creation of East Suffolk Council: Key decisions made by Cabinet and Full Council and supporting papers had been reviewed, together with details of the measures being put in place to ensure that the new Authority could take informed decisions going forward. There were no matters to report to the Committee.

Asset and Contract Management Risk: The findings reported by Internal Audit in the asset management report of November 2017 had been reviewed and management was challenged to demonstrate that they were satisfied that there were adequate arrangements in place in those two areas. Detailed papers had been produced on both accounts. The Authority should continue to address those issues, however EY was of the view that the Council had processes in place to enable an unqualified VFM Opinion to be given.

Mr Poynton informed the Committee that the working papers produced by the Finance Team were of a very high standard and the team had demonstrated a very good attitude. This had been a difficult year due to staff absence and EY wished to express its gratitude for the assistance received. It was noted that the audit work had taken longer than anticipated due to matters arising. If the remaining work was resolved without any further delays, EY would be seeking to negotiate an additional fee with management.

The Chairman invited comments from the Chief Finance Officer who acknowledged that this had been a challenging year. She thanked the Finance Manager (Financial Compliance) and the team for their tireless work and positive attitude. She also thanked Mr Poynton for the constructive way in which EY had carried out its work.

Questions from Members

A Member referred to some issues being around procedures rather than finance. The Chief Finance Officer clarified that the Finance Team had to rely on other areas for information in order to complete its work. Actuaries had to produce their information in January when there had been a sharp dip in valuation following which the market had recovered.

Referring to the move to East Suffolk Council, a Member commented that the timing of the next Audit would be a difficult period. The Committee was informed that the Chief Finance Officer and the Finance Manager (Financial Compliance) had been invited to a finance meeting at the Ministry of Housing and Local Government and that arrangements would be similar to the current year. The new Authority would be responsible for ensuring that the existing Councils were correct.

Members of the Committee thanked the Finance Team for ensuring that everything had been ready for the Auditors within such a restricted timeframe.

A Member stated that this was an important process and it was reassuring to know that the Auditors had raised no concerns.

At this point, the Finance Manager (Financial Compliance) tabled a revised Letter of Representation with an amended final paragraph.

The Chairman thanked EY and congratulated the Finance Team for their hard work.

Following Members' questions and comments, it was

RESOLVED

That the findings within the External Auditor's report and the content of the amended Letter of Representation be noted.

7 AUDITED STATEMENT OF ACCOUNTS 2017/18

The Cabinet Member for Resources introduced the report and informed the Committee that the Finance Team had prepared one set of accounts for WDC and one set for SCDC within the tighter deadline of 31 May which had reduced the closedown period by one month. The External Auditors were now required to issue their Opinion by 31 July which was two months earlier than in previous years. This was managed by members of the Finance Team prioritising audit requests over day to day work requirements and ensuring that working papers provided to External Audit were of a high quality.

The Council had, once again, successfully delivered its services within its challenging approved budget ending the year having achieved planned savings of £2.339m leaving the Council in a strong financial position. The draft Statement of Accounts for 2017/18 confirmed this position and, after appropriate transfers to earmarked reserves, the Council achieved a General Fund breakeven position for the year after taking account of £844,000 transferred to the In-Year Savings Earmarked Reserve to help with future budget gap savings and £169,999 added to the Carry Forward Requests Earmarked Reserve. The General Fund balance as at 31 March 2018 was £3,999m. It was also advised that the Housing Revenue Account (HRA) showed a planned deficit for the year of £2.310m compared to a revised budget deficit of £2.614m. The HRA had marginally outperformed budget expectation by £304,000. The Council had also achieved an unqualified VFM and Audit Opinion on the 2017/18 Statement of Accounts.

Questions from Members

Referring to paragraphs 6.3 and 6.4 of the report, a Member asked why the pensions paid to staff had decreased and had this been caused by assets increasing. The Chief Finance Officer clarified that there were two pensions. People who had already retired were withdrawing their pensions. Suffolk County Council (SCC) was responsible for making investments and there was a need to ensure that there was a safe, prudent and affordable way in which this could be achieved.

A Member referred to the Council saving money as set out in paragraph 8.2 of the report. The Chief Finance Officer stated that it was important to remember that the Financial Strategy would be presented shortly and there had been a budget gap the previous year of £2.3m. There had also been assumptions made around delivery of savings at the start of the financial year and the Council was now trying to demonstrate those assumptions made and targets met.

The Chairman commented that the introduction of a Narrative Report at the beginning of the document had been very useful and understandable.

Following Members' questions and comments, it was

RESOLVED

1. That the Statement of Accounts for 2017/18 be reviewed and the outturn position noted.
2. That the Statement of Accounts be approved.
3. That the Chief Finance Officer, in consultation with the Chairman of the Audit & Governance Committee, be given delegated authority to make any further minor amendments required.

8 TREASURY MANAGEMENT OUTTURN REPORT FOR 2017/18 & MID YEAR REPORT FOR 2018/19

The Cabinet Member for Resources introduced the report and highlighted the 2017/18 Summary showing investments totalling £41.50m as at 31 March 2018 and interest received during the year of £260,000. The Council maintained its policy of investing short

term rather than longer term (greater than one year) due to market conditions and operated within its approved Prudential Indicator Limits for the year. The Summary to date for 2018/19 showed investments totalling £44.7m as at 30 June 2018 with interest received totalling £51,000. The Council had operated within its approved Prudential Indicator Limits to date. With regard to the current debt portfolio, £75.98m was attributable to the HRA which included £68.3m of Self-Financing loans taken out in 2011/12 and £11.76m of General Fund Loans. The Committee was informed that the Council had operated its Treasury Management function within prescribed limits and the Council had healthy cash balances with the best interest rate return being achieved without putting the Council's money at risk.

There being no questions from Members, it was

RESOLVED

1. That the Annual Report on the Council's Treasury Management activity for 2017/18 incorporating the Mid Year review for 2018/19 be recommended to Full Council for approval at its September 2018 meeting.
2. That the Prudential Indicators Outturn position for 2017/18 in Appendix A be noted.

9 INDICATIVE ANNUAL FEE LETTER 2018/19

The Cabinet Member for Resources introduced the report and informed the Committee that EY had issued their indicative annual fee letter for 2018/19. The audit fee was based on the overall level of risk in that year not being significantly different to 2017/18. The indicative audit fee had reduced to £41,406 from £53,774 following the Public Sector Audit Appointments Limited's tender exercise. The 2018/19 certification fee for the Housing Benefit Subsidy audit was still subject to formal appointment of EY under the Department of Work & Pensions (DWP) circular.

The Finance Manager (Financial Compliance) advised that an email had been sent to the DWP that day, informing them of the appointment of EY as the auditor to certify the housing benefit subsidy claim for 2018/19. The Audit Fee Letter had been signed off by Debbie Hanson who was taking over from Kevin Souter as Mr Souter was moving away from the area.

Questions from Members

A Member asked whether there would be an additional fee if the Auditors were unable to carry out the work in the time allocated. The Chief Finance Officer acknowledged that this was a risk which the Finance Team would manage by ensuring that good quality working papers and all supporting documentation were available to the Auditors.

Following Members' questions, it was

RESOLVED

That the Indicative Annual Fee Letter for 2018/19 from Ernst & Young be received and noted.

At this point in the proceedings, the Chief Finance Officer, the Finance Manager (Financial Compliance) and Mr Poynton left the meeting.

10 ANNUAL INTERNAL AUDIT REPORT 2017/18

The Cabinet Member for Resources introduced the report which was being presented to the Committee in accordance with its Terms of Reference and detailed the work undertaken by the Internal Audit Service for the year 2017/18 in accordance with the plan for the year presented to the Committee on 15 March 2017.

For the year 2017/18, Internal Audit Services had operated in accordance with the Public Sector Internal Audit Standards (PSIAS), Section 2450. The Standard required the Head of Internal Audit to bring to the attention of the 'Audit Committee' an Annual Report detailing a range of issues.

The Head of Internal Audit presented the report and drew the Committee's attention to paragraph 3.2 regarding the recent restructure of the Audit Service, contributing to both Councils' efficiency savings targets. The Audit Service now consisted of 5.4 Full Time Equivalents (FTE) to service SCDC and WDC, with 1.7 FTEs provided to Ipswich Borough Council as part of a formal contract of professional audit and fraud services.

Referring to the table in paragraph 8.3 of the report the Head of Internal Audit advised that, where there was a note of 'Not Applicable' in the Audit Assessment Level column, this signified where work had taken place but a standard report had not been issued.

The Committee was informed that Contract Managers were now in place at the Authority and were in the process of gathering meaningful information with regard to Health & Safety Duties from Partner Organisations. A significant amount of work had also taken place in relation to data protection.

Questions from Members

A Member commented that the current situation was more complete and positive in comparison to when the Committee had previously considered this report as staffing issues appeared to have improved since then. However, the area of Health & Safety relating to Partner Organisations was unsatisfactory. The Audit Manager advised that this was an area which was being addressed by the Contract Manager and Internal Audit and it was hoped that there would be some form of Audit Opinion by September.

A Member enquired the meaning of 'Limited' in the Audit Assessment Level column with regard to Housing Repairs and Maintenance. The Head of Internal Audit advised that there were significant improvements to be made. The Committee was referred to paragraph 8.2 of the report which set out the four categories and explained that Internal Audit would not wish to see 'Limited' or 'Unsatisfactory'. The Team had a detailed action plan and time lines and would report on overdue recommendations.

Referring to the Head of Internal Audit's Opinion set out on page 127 of the papers, a Member sought clarity around her giving 'reasonable assurance'. The Head of Internal

Audit responded that this had been based on the work the team had undertaken and her risk assessment was based on the Audit Plan in process. She had reasonable assurance with the exception of the three areas listed i.e. Contract Management; Asset Management and Health & Safety Duties from Partner Organisations.

A Member commented that Procurement had been mentioned several times and there had been discussion around training. The Head of Internal Audit advised that there was now a professional, qualified Procurement Team in place and improvements were being made on contracts and the contracts register. There was also a considerable amount of work being undertaken around GDPR. The new Procurement Manager was currently embedding new processes and new software. The Head of Internal Audit agreed to have discussions with the Procurement Manager on behalf of the Committee regarding an update for Members and suggested that this could be a one hour session just before a future meeting commenced. The Head of Internal Audit to liaise with the Democratic Services Officer to arrange a suitable date.

Members of the Committee supported this to bring clarity around the whole area of contracts.

Referring to the Audit Areas set out in the table at paragraph 8.3, a Member asked whether these areas were audited every year or whether there was a rolling programme of work. The Head of Internal Audit advised that there was a detailed risk based Audit Plan which incorporated a number of factors. Car parking was reviewed every year as this was a high risk area.

Following Members' questions, it was

RESOLVED

1. That the Committee had commented upon the content of the Internal Audit Annual Report 2017/18.
2. That the Committee had commented upon the Head of Internal Audit's Annual Audit Opinion for 2017/18, as set out in Appendix A to the report.
3. That the Head of Internal Audit would arrange an update by the Procurement Manager to take place prior to a future meeting.

11 CORPORATE FRAUD – ANNUAL REPORT 2017/18

The Cabinet Member for Resources introduced the report which provided a summary of the performance of the Corporate Fraud Service covering SCDC and WDC for the period 1 April 2017 to 31 March 2018. Both Councils had a zero tolerance approach to fraud and corruption. A comprehensive programme of proactive and reactive anti-fraud work had been detailed in the corporate Anti-Fraud Business Plan 2017/18 which was presented to the Committee in March 2017. The Corporate Fraud Service would investigate any aspects of the corporate fraud activity relating to the Councils and their services, taking into account the risk of loss to the Councils and any reputational damage this may cause.

The Head of Internal Audit presented the report and informed Members that the Corporate Fraud Service sat within Internal Audit under her direction and consisted of one full time Manager, two full time Investigation Officers and a part time Intelligence Officer

working across SCDC and WDC. Staffing costs were £150,000 per annum but saved the Councils £3.6m with the majority of the work carried out being housing related.

With regard to 'Right to Buy' (RTB), the Committee was advised that Corporate Fraud officers interviewed all applicants to ensure that they were eligible to buy a property at a discounted rate and, thanks to the due diligence carried out by the Counter Corporate Fraud Manager and her team, the Service had prevented 39 RTB applications for properties to be sold at a discounted rate of £3,372,940 but with an actual market value of £5,623,500.

The Counter Corporate Fraud Manager informed the Committee that, in order to raise fraud awareness for Human Resources staff and any staff dealing with identity issues, they had facilitated 83 staff members, including staff from Suffolk County Council, to undertake Identity Fraud Training by a trainer employed by the Eastern Region Special Operations Unit (ERSOU) Counter Terrorism Policing Command. This had been a two hour session to enable people to identify false passports and certificates.

The Head of Internal Audit highlighted that the work of the Corporate Fraud Services, supported by Housing and Legal Services, had resulted in costs saved of £3,372,940 (RTB) and £279,000 (Tenancy Fraud).

Questions from Members

A Member enquired whether there was 'hidden fraud' where a tenant applied for RTB but had not declared their assets. The Corporate Counter Fraud Manager advised that her team received a copy of an application as soon as it was received, at which point the applicant's finances were checked. They would be invited for interview if it was found that they should not be buying that property for any reason, such as using money from the proceeds of crime. Once an RTB had gone through, the team could still go back in time and an applicant could be prosecuted and the house repossessed if it was discovered that false statements had been made.

A Member asked what the increase in results had been for this year compared to the previous year. The Corporate Counter Fraud Manager responded that it was approximately £2m.

A Member stated that it would be good to see an increase in case there was a need for resources to increase. Also, if fraud was increasing for housing, rentals and RTB the Government was giving 20%. The Corporate Counter Fraud Manager stated that she would look into this.

A Member referred to some councils having a 'half and half' system and asked whether this was something which was used in this area. The Corporate Counter Fraud Manager responded that the Councils did not operate this system.

Following Members' questions, it was

RESOLVED

That the Committee had commented upon the performance of the Corporate Fraud Service for the year 2017/18.

12 ANNUAL REVIEW OF THE CODE OF CORPORATE GOVERNANCE

The Cabinet Member for Resources introduced the report which set out Governance relating to how the Council ensured that it was doing the right things in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. The Code comprised the systems, processes, cultures and values by which such bodies were directed and controlled and through which they accounted to, engaged with and, where appropriate, lead their communities. All local authorities had been strongly recommended to adopt a Code of Corporate Governance by 31 March 2002 which was based on a CIPFA/SOLACE framework set in 2001 and was supplemented by 'The Good Governance Standard for Public Services'. CIPFA recommended an annual review of the Code. There had been no additional publications to consider since the Code was refreshed in September 2017 and reported to the Committee.

The Head of Internal Audit presented the report drew the Committee's attention to page 153 of the papers which set out the Governance Assurance Corporate Framework Supporting the Seven Core Principles.

The Committee agreed that this was a comprehensive and transparent list and thanked the Head of Internal Audit for the refreshed Code.

There being no questions from Members, it was

RESOLVED

That the revised Code of Corporate Governance at Appendix A to the report be recommended to Full Council for adoption.

13 CURRENT POSITION OF THE WORK PROGRAMME

The Chairman noted that the Agenda for September's meeting was a little light at the moment.

The Head of Internal Audit stated that a report on the Internal Audit Charter and a report on the Whistleblowing Policy could come to the Committee's September meeting.

The Committee agreed that these two reports would be added to the Work Programme for September's meeting.

RESOLVED

That, following the review of the current position of the Work Programme for 2018/19, the following reports be added to the Work Programme for the meeting to be held on 20 September 2018:

- Internal Audit Charter

- Whistleblowing Policy

14 EXEMPT/CONFIDENTIAL ITEM

RESOLVED

That under Section 100(A)(4) of the Local Government Act 1972 (as amended), the public were excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

15 INTERNAL AUDIT: STATUS OF RECOMMENDATIONS

The Cabinet Member for Resources introduced the report which listed the status of all recommendations that had been made as a result of Internal Audit reviews over the past three years, providing an overview of the number of recommendations that had been completed and those that were pending.

RESOLVED

1. That the information provided in the report had been considered and commented upon, and
2. That the Head of Internal Audit, on behalf of the Audit & Governance Committee, requests the attendance of the relevant responsible Senior Officers for the areas of Contract Management, Asset Management and Health & Safety records with partners at the meeting on 20 September 2018.

16 MINUTES

RESOLVED

That the Exempt Minutes of the last meeting (Part Two) held on 15 March 2018 were confirmed as a correct record and signed by the Chairman.

The meeting was concluded at 8.18pm.

Chairman