

GOVERNANCE & AUDIT COMMITTEE

GOVERNANCE & AUDIT COMMITTEE MEETING held on Thursday 28 June 2012 at 2.00 pm in Conference Room A, second floor, Civic Offices, Portsmouth.

(NB: These minutes should be read in conjunction with the agenda and reports for the meeting which can be found at www.portsmouth.gov.uk.)

Present

Councillor Terry Hall (Chair)
Councillor Michael Andrewes
Councillor Phil Smith
Councillor Sandra Stockdale (deputising for
Councillor Fuller)
Councillor Donna Jones
Councillor Neill Young

Officers

Michael Lawther, Strategic Director, City Solicitor and
Monitoring Officer
Chris Ward, Head of Finance and s151 officer
Iwona Defer, Equalities
Jon Bell, Head of Audit and Performance Improvement
Jacqueline Coonie, Senior Manager HR – Employee
Relations
Rio Caldwell, Strategy Adviser
Lyn Graham, Chief Internal Auditor
Dave Pennery, Auditor
Kelly Nash, Corporate Performance Manager
Jan Paterson, Senior Manager HR –

Mr Mark Justesen – External Auditor

30 Apologies for Absence (AI 1)

Apologies for absence were received from Councillor Fuller and from the District Auditor, Ms Kate Handy.

31 Declarations of Members' Interests (AI 2)

Councillor Terry Hall declared a personal and non-prejudicial code of conduct interest in agenda item 6 in that her husband had previously been a Southsea Town Councillor and was also its responsible financial officer.

Councillor Terry Hall also declared a personal and non-prejudicial code of conduct interest in relation to agenda item 6 as her son works for Solent NHS.

32 Minutes of the meeting held on 9 March 2012 (AI 3)

RESOLVED that the minutes of the meeting held on 9 March 2012 be confirmed and signed by the chair as a correct record.

33 Updates on actions identified in the minutes (AI 4)

A query was raised regarding public health and NHS reorganisation referred to on page 14 of the minutes. Members of the committee were interested in how Dr Paul Edmondson-Jones' transfer from being an employee of the NHS to an employee of the city council would be managed. The City Solicitor said that there were a number of issues to work through and that he would bring a report back to the panel.

34 Update report from the District Auditor (AI 5)

(TAKE IN REPORT)

Mr Mark Justesen introduced the report and said that it informed the committee of the progress made by external auditors in delivering their responsibilities. Mr Justesen said that the external auditors had completed the interim audit work programme and had not identified any control weaknesses that might lead to a material error going undetected. He went on to say that the council's finance team is currently preparing the 2011/12 financial statements and intend to produce a draft for audit by the deadline of 30 June. Mr Justesen explained that the council will soon publish on its website the date on which electors can ask questions of the auditor. In addition any person may inspect the draft financial statements between 18 July 2012 and 15 August 2012 at the Civic Offices. Mr Justesen said that although on page 3 of the progress report there is a statement that the external auditors plan to present their annual governance report on 27 August 2012, this should read 27 September. In response to questions the following points were clarified.

- With regard to the last bullet point of item 9, it was confirmed that discussions between the District Auditor and Mr Chris Ward had taken place informally but that a discussion between the District Auditor and the Monitoring Officer had not yet taken place but would be held soon.
- It was confirmed that changes to the local government capital finance system mentioned on page 7 does not represent a huge change for PCC and PCC was unlikely to be issuing bonds.
- With regard to a query about whether the council considered the guidance from CIPFA regarding the settlement payment to the Secretary of State in preparation for the commencement of self-financing of the housing revenue account, Mr Chris Ward said this had been done. He also explained that PCC had taken the opportunity of the one day special rate for borrowing and had borrowed as much as was needed.

RESOLVED that the update from the District Auditor be received and that the Chief Executive is not required to take any action.

35 Annual Internal Audit Report for the 2011/12 Financial Year (AI 6)

(TAKE IN REPORT)

The Chief Internal Auditor introduced the report and said that 96% of the revised annual audit plan has been completed. This represents 167 audits from the original plan of 185 where a total of 18 audits were deferred or removed; all of which have been reported either previously to this committee or are detailed in the report. The 4% not completed represents six technical IT reviews audits where the IT auditor left PCC employment prior to their completion. The Chief Internal Auditor said that the areas of concern ie the critical exceptions, were detailed in paragraph 6 of the report. She explained that there are three new areas of concern (which cover five critical exceptions).

In response to questions the following points were clarified

- It was confirmed that the six technical IT reviews audits where the IT auditor left PCC employment prior to their completion were already being worked on.
- With regard to 5.3 Capital Contracts (Port) it was confirmed that this was deferred and that the annual return has to be closed before this can be progressed further.
- With regard to page 12 of Appendix B the reference to legionella management referred to a desktop type audit to confirm that PCC identifies government regulations and checks that PCC is compliant.
- With regard to paragraph 6.2.1, bullet point 1, two members of staff had convictions or cautions identified in the CRB disclosure that did not appear to have been disclosed to the manager. One person stayed on as the job being done was not relevant for a CRB disclosure and the other employee was no longer employed by PCC.
- The District Auditor asked about MMD which appears on page 10 of Appendix A and the City Solicitor said he would discuss the situation with the District Auditor direct and that a report is likely to come to a future meeting of Governance & Audit Committee.
- Page 10 of Appendix A under Petty Cash states that the review highlighted non-compliance with the financial rules for petty cash in schools and it was confirmed that this was not in relation to money going missing but a failure to comply with the rules.
- It was confirmed that with regard to legionella, the recommendations would be considered regarding the design of new buildings as part of the audit review and will report back in full to this committee on any exceptions found and agreed actions.

- It was confirmed that audits in schools were currently being carried out on a themed basis so for example comparing petty cash activities across a number of schools rather than doing a complete audit of a specific school. Individual schools can request a full audit but there would be a charge for this. It was confirmed that reports on the outcomes of the audits were sent to all schools. The City Solicitor said that looking at areas in schools which are high risk should result in a better outcome.

RESOLVED that (1) Members note the Audit performance for 2011/12;

(2) the highlighted areas of control weakness for the 2011/12 Audit Plan are noted by Members;

(3) Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2011/12;

(4) Members note the Audit Plan for 2012/13.

36 RIPA (Regulation of Investigatory Powers Act) (AI 7)

(TAKE IN REPORT)

Mr Michael Lawther introduced the report which updates members on the authority's use of regulatory powers in accordance with policy for the six month period from January 2012 to June 2012. The City Solicitor confirmed that the RIPA powers are used for high priorities only and he was not expecting the numbers of occasions when RIPA powers are used to increase.

RESOLVED that the Committee

(1) notes the RIPA applications authorised for the six months from January 2012 to June 2012;

(2) notes the current legal situation with regard to the Protection of Freedoms Bill and its impact on RIPA authorisations;

(3) approves an additional authorising officer (Mr Paddy May).

37 Annual Governance Statement 2011/12 (AI 8)

(TAKE IN REPORT)

Ms Rio Caldwell, Strategy Adviser introduced the report which was to seek approval from the committee for the council's finalised Annual Governance Statement (AGS) for 2011/12 and the proposed framework that will be put in place to monitor progress. Ms Caldwell said that significant issues had been highlighted in 5.1 of the report and action being taken to address these issues were shown at 5.2 of the report. Ms Caldwell said that Appendix 2 is a possible template that could be used to monitor progress against the issues.

During discussion the following matters were clarified

- In relation to training for members, it was confirmed that there is some e-learning available through south east employers and also internally for example health and safety training. Any members can attend any training sessions. The City Solicitor said that all members would have to receive training as the current code of conduct for members will be changing and the procedures for dealing with complaints etc would also change. The City Solicitor said that it was likely that Standards Committee work would be subsumed into Governance & Audit Committee but that this was a decision for council.
- In relation to weaknesses in people management, it was confirmed that the PDR process has been reviewed and revised and that a leadership and management programme had been introduced for all managers. About 50% of expected attendance at the LAMP training had already been achieved and was on target. Attendance so far had been good across all departments and across all levels. It was confirmed that progress on the LAMP programme was regularly reported to Employment Committee but that a report could be brought to Governance & Audit Committee later in the year concerning the governance aspect and that a recommendation could then be made from Governance & Audit to Employment Committee if further action is required.
- With regard to business continuity and resilience, the problem was not so much bad performance as failures caused by the loss of key staff.
- With regard to the transition of PCT staff to PCC, the City Solicitor confirmed that a team had been set up which reports to Corporate Project Board.
- With regard to engaging with local people mentioned on page 5 of the Annual Governance Statement, it was still proving difficult to engage well with the BME community. Ms Caldwell said that she would contact the Community Engagement team to discover measures they had put in place to address communication with hard-to-reach groups.
- The Head of Audit & Performance Improvement said that a gap had been left from no longer carrying out MORI polls but that there are plans to gain more feedback through City Helpdesk and more work was planned to increase engagement in this way.

RESOLVED that the Committee

- (1) Approves the Annual Governance Statement for 2011/12, which is included as appendix one to the report;**
- (2) Notes the significant governance issues highlighted in the statement and the actions in place to address these (section 5 of the report);**

- (3) approves the process for monitoring progress against the issues (paragraph 6.1), including the suggested template, attached as appendix two to the report.**

38 Update on the Council's Compliance with its Equality Duty and Equality Impact Assessment Process (AI 9)

(TAKE IN REPORT)

Mrs Iwona Defer, Equalities and Customer Research Officer introduced the report and said that the council had legal responsibilities under the Equality Act 2010 which introduced the public sector equality duty. This report provides an update on the compliance of the council's individual services with the equality duty and the equality impact assessment process since 9 March 2012. The table included at paragraph 4 of the report shows a significant improvement since the last report with many services being 100% compliant.

The City Solicitor said that reporting progress back to Governance & Audit Committee encourages compliance by services and that non-compliance could cost the council a great deal of money. The current compliance rate was very positive.

RESOLVED (1) that the Committee notes the contents of the report;

(2) that the Committee continues to monitor the compliance of the Council's services with the Equality Duty and the Equality Impact Assessment process adopted by the Council, on a quarterly basis;

(3) that the City Solicitor continues to report on such compliance to the Committee on a quarterly basis.

39 Information Commissioner's Office Data Protection Audit Recommendations and Proposed Actions (AI 10)

(TAKE IN REPORT)

The City Solicitor introduced the report and said that the Information Commissioner's Office (ICO) audit team have undertaken a final desktop review and sought evidence of implementation of the 35 initial recommendations. They concluded PCC has successfully implemented 24 of these with the remainder partially or to be implemented. The City Solicitor said that much attention will be devoted to the ICO recommendations as very high fines could be imposed on the authority for non-compliance with the Data Protection Act. During discussion the following points were made:

- The Head of Finance's comments at item 10 of the report is in need of updating.
- It was confirmed that staff are now much more aware of their responsibilities concerning data protection.

RESOLVED that members of the committee

- (1) Note the completion and publication of the Audit;**
- (2) Note the status and progress of the remaining recommendations;**
- (3) Note that fines currently in the order of £70 - £90k are being issued to Local Authorities for data breaches.**

40 Exclusion of Press and Public

RESOLVED that under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item(s) on the grounds that the report(s) contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972”.

41 Procurement Management Information (AI 11)

(TAKE IN REPORT and Exempt Appendices 2 and 3)

The Head of Audit & Performance Improvement, Mr Jon Bell introduced the report which updates members on steps being taken to demonstrate that PCC is achieving value for money from its contracts for goods and services. During discussion the following points were made:

- The overall performance is very good standing currently at 93%.
- It was confirmed that areas where problems had been identified were being looked at specifically.

RESOLVED (1) that members note progress in moving towards achieving the target of 95% conformance for the 2011/12 financial year;

(2) that members note the performance of our suppliers and contractors and action in progress to address poor performance.

42 Summer Report on Suspended Staff (AI 12)

(TAKE IN REPORT and Exempt Appendix A)

Ms Jacqueline Coonie, Senior Manager HR Employee Relations introduced the report which was to advise the committee on the current numbers of staff suspended from duty. Ms Coonie explained that since the report was written the number of staff suspended had reduced from eight to seven. She confirmed that all of these incidents are being investigated but that sometimes court cases were proceeding and PCC had to wait until a court case had been heard before internal disciplinary action could be taken.

The City Solicitor said that sometimes this led to delays. The City Solicitor explained that an agreement had been reached with the police to separate out evidence as far as possible and it was hoped that this would improve the situation in future.

During discussion the following points were made

- It was not an option to reduce the pay rate for staff currently on suspension as the current conditions do not allow for this. However it was possible sometimes to look to redeploy the staff member to a different job where the circumstances of the reason for the suspension would not be an issue.
- Ms Coonie confirmed that the number of suspensions that are schools related were not very high statistically as compared with other unitary authorities of a similar size. Ms Coonie also confirmed that she reported regularly to the Safeguarding Board.
- Ms Coonie confirmed that when anyone working with children throughout the city was suspended, this had to be reported to her regardless of who the employer was.
- The length of time that suspended staff were in receipt of salary was questioned and the City Solicitor said that often cases took a long time to get to court and in one instance a mis-trial had occurred so the case had been further delayed.
- A request was made as to how much the current suspensions are costing PCC and this would be looked at and reported back to the committee.

RESOLVED that members

- (1) Note the circumstances of the current suspended staff cases;**
- (2) Note the Unions have agreed that the term “Precautionary Special Leave” is no longer required and would prefer the term “suspension of staff.”**

The meeting ended at 3.35pm

Chair

VJP/DMF
10 July 2012
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