

TORRIDGE DISTRICT COUNCIL

AUDIT & GOVERNANCE COMMITTEE

21 JUNE 2010

PRESENT:

Councillor G E Lee (Chairman)

Councillor Mrs C B Church (Vice Chairman)

Councillors D M Lausen and A J Saywell (substituting for Cllr A T Inch)

ALSO PRESENT:

Mr S Johnson (Audit Commission)

Mr R Webster (Head of Environmental Health Housing Planning & Public Protection)

Mrs J Quick (Internal Auditor)

Mrs R Staddon (Emergency Planning Officer)

Mr C Parkhouse (Corporate Health & Safety Officer)

Cllrs P J Pester, P Pennington and C J Leather joined the meeting at 10.50am

Mrs J Wallace (Strategic Director – Resources) joined the meeting at 11am

The Chairman welcomed all present to the first meeting of this new Committee.

1. APOLOGIES

Apologies for absence were received from Cllr A T Inch

2. AGREEMENT BETWEEN PART I AND Part II OF THE AGENDA

The agenda, as circulated was agreed.

Resolved: that Members of the public be excluded from the meeting for items 6 and 7 of the Agenda.

Vote: For (Unanimous)

3. ADJOURNMENT OF MEETING

At this point the meeting was adjourned to allow Members to attend the Armed Forces Flag Raising Ceremony.

THE MEETING RE-CONVENED AT 10.50am

4. QUARTER 4 PERFORMANCE REPORT 2009/10 (Agenda item 6)

The Internal Audit Manager presented her report. She explained that as this was the first report presented to the newly formed Audit & Governance Committee, it contained basic information on the performance of the Internal Audit team. Future reports would be expanded to include detailed explanations and information.

Discussion followed concerning Quarter 4 activity detail and the Internal Audit Manager provided reasons for diversions from the audit plan. She referred in particular to the National Fraud Initiative and explained that this data matching exercise, carried out every two years, highlights any anomalies which require investigation.

An explanation was also provided on the topics that required additional audit coverage.

General discussion followed.

Resolved:

That the content of this report be noted.

Vote: For (unanimous)

5. AUDIT MANAGER'S OPINION REPORT (Agenda item 7)

The Internal Audit Manager presented her report and explained that it was a CIPFA Code of Practice requirement that such a report be presented to this Committee to advise of the overall adequacy and effectiveness of the authority's internal control environment prior to the approval of the Annual Governance Statement.

She confirmed that she was satisfied that sufficient internal audit work had been undertaken to allow her to provide this assurance.

Discussion followed with particular emphasis on appendix A under the heading ICT security.

The Quarterly Business performance indicator results for the year showed 9 high risk actions had been identified and of these 8 had been implemented. The outstanding action related to ICT change management procedures.

The Chairman advised that the ICT Security topic was of particular concern to him as it related to the re-direction of councillors' emails from their Torridge account to their personal email addresses. This procedure was in breach of the Government's Connect Secure Extranet (GCSX Scheme) and must cease.

A simple guide on how to access emails through webmail had been produced and would be given to all Members.

The Chairman advised that he intended to recommend to Full Council on the 28 June that the re-direct facility be ceased with effect from 30 June 2010.

The Internal Audit Manager then referred to Appendix B of this report and explained that the CIPFA regulations required comments under the various headings shown, such as adequacy of resources for internal audit to undertake the work and an annual review of effectiveness of Internal Audit.

A short period of questions and answers followed.

Cllr Church asked for more information with regard to Debtors – she would like to know how issues were resolved to ensure they would not re-occur in future.

Cllr Leather referred to the number of high risk areas that had been identified and asked how these happen; he asked whether it was a lack of training or managers not doing their job properly.

The Internal Audit Manager explained that it would be likely that the majority of local authorities would identify far more than 9 high risk areas and that it was the function of the Internal Audit service to provide a fresh and professional look at areas of work, risks and controls and challenge the managers accordingly.

The Head of Finance and Performance added that future quarterly reports could include full details of the recommendations made to managers, the managers' responses and timescales. If Members were dissatisfied, then the managers could be called upon to provide an explanation.

He also advised, in response to a query by Councillor Church, that the Financial and Contract Procedure Rules were now included within the Induction process for new staff.

Discussion continued and particular reference was made to whistle-blowing.

The Internal Audit Manager advised that an annual staff survey had shown that 94% of staff would feel confident in reporting suspected fraud and corruption to Internal Audit, and that trained support was in place to assist them. The Council also has a Whistle-blowing Policy and an Anti-Fraud and Corruption Policy which had been circulated to staff and Members with their payslips.

Cllr Church referred to the audit of 106 agreements. She had previously asked that relevant Ward Members receive notification of 106 agreements and would like to see improved controls.

Resolved:

That the content of this report be noted.

Vote: For (unanimous)

END OF FORMAL BUSINESS AT 11.50 pm
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FORMAL BUSINESS RE-CONVENED AT 4.20pm

6. ANNUAL GOVERNANCE STATEMENT & ACTION PLAN

The Internal Audit Manager presented the following 5 issues identified during the day and a summary of the actions proposed:

| Issue No. | Issue Identified | Summary of Action Proposed |
|-----------|---|--|
| 1. | Security protocols for sharing confidential information requires that emails are not automatically forwarded to non .gov.uk email accounts. | The automated forwarding of emails must be terminated. ICT Manager, June 2010 |
| 2. | Changes to computer applications and the network are recorded on a database but this falls short of 'best practise'. | A rigorous change management system will be implemented ICT Manager, Sept 2010 |
| 3 | The Disaster Recovery Contract needs to be re-tested. Testing will be reduced when the off-site Disaster Recovery unit at Caddsdwn becomes operational. | Thorough testing to be undertaken and results reported to CMT. ICT Manager, Sept 2010 |
| 4 | While the major system upgrades are loaded onto to the test system prior to the live database, we have no assurance that software providers have carried out sufficient testing to ensure that software does not malfunction or corrupt our data. | Ongoing investigation by ICT and to be reviewed in September 2010. ICT Manager, Sept 2010 |
| 5 | Partnerships and contracts for delivery of Council services do not have the same governance arrangements that directly managed services have. | Partnership protocol to be implemented. Strategic Director (Resources), Sept 2010 |

Completion of these actions will enhance the Council's governance arrangements.

Cllr Pennington expressed concerns that too much emphasis appeared to be placed on ICT issues.

Following a brief discussion, it was moved by Cllr Saywell and seconded by Cllr

Pennington, and

Resolved:

That the Annual Governance Statement and Action Plan be formally approved and that the Leader of the Council, the Chief Executive and the Section 151 Officer be authorised to sign the Statement.

Vote: For (Unanimous)

Resolved:

The Summary Action Plan be noted

Vote: For (Unanimous)

The Chairman thanked Cllr Leather, the officers present and Mr Johnson of the Audit Commission for their contributions during the day.

The meeting closed at 4.45pm

Signed:

Date: