



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: TUESDAY, 15 APRIL 2014 at 5.00pm

P R E S E N T:

Councillor Westley – Chair
Councillor Naylor – Vice-Chair

Councillor Alfonso
Councillor Desai

Councillor Dr. Chowdhury
Councillor Dr. Moore

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67. APOLOGIES FOR ABSENCE

Apologies were received from Adrian Benselin and John Cornett (KPMG), Steve Jones and Kamal Adatia.

68. DECLARATIONS OF INTEREST

Members were asked to declare any interests they may have in the business on the agenda.

Councillor Westley declared an interest in the items of business on the agenda, as he had relatives who were Council tenants.

In accordance with the Council's Code of Conduct, the interest was not considered so significant that it was likely to prejudice Councillor Westley's judgement of the public interest. Councillor Westley was not therefore required to withdraw from the meeting during consideration and discussion on the items.

The Chair made the following statement at the meeting:

"Due to a technical error, appendices H and I were attached to the agenda that was published on the Internet, but were not attached to paper copies.

Therefore, I am advised I will need to accept these as late items".

69. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

that the minutes of the meeting of the Audit and Risk Committee held on 19th March 2014 be approved as a correct record.

70. CORPORATE PROCUREMENT PLAN 2014-15

The Director of Finance submitted the Corporate Procurement Plan 2014-15 which informed Members of the potential up and coming major procurement activity across the Council, including renewal of existing contracts for ongoing requirements and one-off major capital projects. The Head of Corporate Procurement presented the report.

The Committee was asked to note the report, and make any comments to the Director of Finance.

In response to questions, the Head of Procurement made the following points:

- Individual departments monitored their contracts for any underspend or overspend within their departmental budgets.
- The city-wide boiler replacements at £18million potential contract value was over five years. The Council's (approximately) 22,000 properties normally have their boilers replaced on a 15 year cycle.
- However, safety checks were undertaken each year on properties, and boilers would not be replaced if it was not necessary to do so.
- The estimated figures were based on current contract values, and could go up or down as the contracts with the suppliers would have an influence on the figures.
- Contracts would be for 2 year, and could be increased by a further 3 years. The Council was trying to keep a local focus, though large contracts would have to be advertised Europe-wide.

The Director of Finance said the £18million boiler replacement figure was part of £75million that would be used on Housing Capital Programmes over five years.

The Chair asked that the training on finance and procurement be delivered at the first briefing sessions to Audit and Risk Committee Members in the next Municipal Year.

The Chair thanked officers for the report.

RESOLVED:

1. that the report be received and noted.

71. UPDATE ON RIPA STATS AND PERFORMANCE REPORT FOR PERIOD 1 - 1 JANUARY 2013 TO 31 DECEMBER 2013

The Director of Information and Customer Access submitted a report on the performance of the Council in authorising Regulation of Investigatory Powers Act (RIPA) applications, from 1st January 2013 to 31st December 2013, and the report and new surveillance policy were presented by the Information

Governance Manager.

The Information Governance Manager informed the meeting the Council had applied for two Direct Surveillance authorisations and three communications data authorisations in 2013. She explained the Direct Surveillance authorisations were for extreme cases of anti-social behaviour, and cameras had been used on the estate in both instances. The Committee was informed there were currently four trained Authorising Officers in place, including the Director of Finance.

The Information Governance Manager explained there had been concerns regarding the use of CCTV mobile cameras for parking offences. She added that no penalty notices had been issued by the Council using CCTV as evidence, but that other councils had.

In response to a query from Members, the Information Governance Manager said the number of CCTV cameras in the city was high compared with other councils, and was a concern. She said a log of cameras would be forwarded to Members for information. She added CCTV cameras had been installed for many reasons, and moving forward the Council would be looking to see if the cameras were still needed, and if not, would be removed. She said there was a balance to be struck between the right to privacy and human rights, and the right for people to feel safe. Members asked that information on whether CCTV was installed at the recommendation and in partnership with the Police be forwarded to them also.

Members agreed that CCTV was essential in the detection of crime, and ultimately people wanted to feel safe. An example of the increased use of CCTV was the installation of cameras in taxis, with footage made available to the Police when requested.

The Chair thanked the Information Governance Manager for the report.

RESOLVED:

1. that the report and its contents be noted.
2. that the Committee make any recommendations or comments it sees fit either to the Executive or Director of Information and Customer Access.
3. that a log of CCTV cameras in the city be forwarded to Committee Members.
4. that information on whether CCTV was installed at the recommendation and in partnership with the Police be forwarded to Committee Members.

72. ANNUAL REVIEW OF THE COUNCIL'S ASSURANCE FRAMEWORK, LOCAL CODE OF CORPORATE GOVERNANCE AND THE AUDIT & RISK COMMITTEE'S TERMS OF REFERENCE

The Director of Finance and the City Barrister & Head of Standards submitted a report which sought the Committee's approval of updates to the assurance and

corporate governance processes at the City Council, and the Committee's own terms of reference. The Head of Internal Audit and Risk Management presented the report.

Members were informed the Local Code of Corporate Governance was last approved by the Audit and Risk Committee on 8 May 2013, its content had been reviewed, and no changes were considered necessary. It was noted that minor amendments had been made to the Committee's terms of reference, mainly resulting from the appointment of a Vice-Chair to the Committee.

Members noted the Council's adherence to the seven principles of public life, defined by the Committee on Standards in Public Life. Members were informed the seven principles were built into the Members Code of Conduct also, and were available on the Council's Internet site, a link to which would be circulated to the Committee's Members after the meeting.

The Chair thanked the Head of Internal Audit and Risk Management for the report.

RESOLVED:

1. that the Committee confirmed that no changes to the Assurance Framework were needed, and agreed that it shall form the basis on which the Council will compile its Annual Governance Statement for 2013-14.
2. that the Committee confirmed that no changes to the Local Code of Corporate Governance were needed.
3. that the proposed amendments to the Committee's terms of reference be approved.

73. CORPORATE COMPENSATION POLICY

The City Barrister (Monitoring Officer) and Head of Standards submitted a report to the Audit & Risk Committee on the proposed Corporate Compensation Policy. The Director of Finance presented the report.

Members were informed there were previously a number of compensation policies which had been aligned under the proposed policy, with the decision to approve the policy reserved to Council.

Members were told that under the policy, remedies could include a non-financial approach, whereby an apology would sometimes be sufficient for the complainant. The report contained information on criteria used for financial redress, and the policy would provide consistency across services.

The Director of Finance said levels of distress caused to a complainant were categorised by the Local Government Ombudsman. She added the Council's complaints procedure would remain and the Corporate Compensation Policy would not prevent people from contacting the Ombudsman. Members were informed that costs would be met by service departments, but large claims would be made against the Council's public liability insurance.

The Chair thanked the Director of Finance for the delivery of the report.

RESOLVED:

1. that the report be noted.

74. INTERNAL AUDIT PLAN 2014 - 2015

The Director of Finance submitted a report to the Audit and Risk Committee on the Internal Audit Plan for the financial year 2014-15 for approval, and sought views on priorities for Internal Audit work in the year ahead. The Committee were asked to consider and approve the Internal Audit Plan for 2014-15 and note the emerging context and anticipated priorities for next year's audit work, and to make such comments and recommendations as they saw fit.

The report was considered alongside agenda item 75, which set out the detailed operational audit plan for the first quarter of 2014-15. The Audit and Risk Committee was asked to note the Internal Audit Operational Plan. Both reports were presented by the Head of Internal Audit and Risk Management.

Members were informed point 4.2.5 in the Internal Audit Plan 2014-15 and Point 3 in the Internal Audit 1st Quarter Operational Plan covered the main areas of work.

Members referred to point 3.4 in the report with regards to audits not completed within a quarter. The Head of Internal Audit and Risk Management explained that ordinarily audits would commence and be completed in a quarter, though sometimes there were various reasons why an audit could not be completed, for example, the nature of the work, the reporting process and finalising of reports.

Members referred to the move of the ICT Centre to Beaumont Leys, and the move of offices from New Walk Centre as disruptive events. The Head of Internal Audit and Risk Management said with good business continuity plans there should be minimal disruption. He added that from June to September, the auditors would take into account any disruption to services caused by relocation moves.

Members requested a report on cash handling and changes that had been implemented be brought to a future meeting. The Head of Internal Audit and Risk Management said cash services now reported to one service area and would be easier to manage.

The Chair thanked the Head of Internal Audit and Risk Management for the reports.

RESOLVED:

1. that the Internal Audit Plan for the financial year 2014-15 be approved.
2. that the Internal Audit Operational Plan for the first quarter of

2014-15 be noted.

3. that a report on cash handling and implemented changes be brought to a future meeting.

75. INTERNAL AUDIT FIRST QUARTER OPERATIONAL PLAN 2014-15

The Director of Finance submitted a report to the Audit and Risk Committee on the Internal Audit Operational Plan for the first quarter of the financial year 2014-15. The report was discussed alongside Agenda Item 74. Both reports were presented by the Head of Internal Audit and Risk Management.

76. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT

The Director of Finance submitted a report to Audit and Risk Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities. The Committee was recommended to receive the report and note its contents, and make any recommendations or comments it sees fit either to the Executive or Director of Finance. The Head of Internal Audit and Risk Management presented the report.

Members were given a verbal update on a recent virus attack on the Council's IT systems. It was reported the issue was picked up quickly by the Council's IT team, and no lasting damage or harm to records or systems occurred. The Council continued to work with Kaspersky, anti-virus software providers.

Members were informed that during the recent teacher's strike, more schools had closed than originally hoped for, and parents had been notified accordingly.

The Head of Internal Audit and Risk Management said IT-related threats were continuing to provide the greatest cause of concern for organisations. He added there were still some issues with the Council's telephone system, and it was not sure if the recent virus attack was the cause.

Members referred to the high value of insurance claims under Planning Transport and Economic Development, Housing, and Environment and Enforcement Services. It was reported that those departments had the biggest fleet of vehicles, which were the subject of many of the insurance claims.

The Chair thanked the Head of Internal Audit and Risk Management for the report.

RESOLVED:

1. the report was received and its contents noted.

77. BUSINESS CRITICAL ACTIVITIES' BUSINESS CONTINUITY PLANS - FINAL UPDATE

The Director of Finance submitted a report to advise the Audit & Risk Committee of the progress in the updating of critical business continuity plans.

The Committee was recommended to note the report. The Head of Internal Audit and Risk Management presented the report.

The appendix to the report summarised the scoring of submitted plans. The Head of Internal Audit and Risk Management said that even though all plans had reached the required standard of 70%, Directors had been told that plans might not work in practice. The Director of Finance said it was best for Directors and Senior Management to do a desk-top exercise to test whether the Business Continuity plans would work.

Members were informed that plans at or near to the 70% standard would be returned to the relevant service areas and one-to-one arrangements would be offered with staff to enable them to reach the level of assurance required. It would also be stressed with Directors that they needed to look at the plans themselves.

Members said it was disappointing there was little attendance at the Business Continuity Management training course. The Head of Internal Audit and Risk Management said an 80% score would be easily achievable if people attended the training, and followed the guidance given on the pro-forma plan issued by Risk Management Insurance Services. He added he would relay the concerns of the Committee to the Operational Board in June when business areas would again self-certify their plans, following which a copy of each plan would be obtained by Risk Management and Insurance Services.

The Chair thanked the Head of Internal Audit and Risk Management for the report.

RESOLVED:

1. that the report be received and noted.

78. CLOSE OF MEETING

The meeting closed at 6.53pm.