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GOVERNANCE AND RESOURCES COMMITTEE

Minutes of a Meeting held on Thursday 23 November 2017 in the Council Chamber, Town Hall, Matlock at 6.00pm

PRESENT

Councillor Jacquie Stevens - In the Chair

Councillors Deborah Botham, Albert Catt, Tom Donnelly, Steve Flitter, Chris Furness, Neil Horton, Angus Jenkins, Jean Monks, Mike Ratcliffe, Mark Salt, Colin Swindell, John Tibenham and Joanne Wild

Dorcas Bunton (Chief Executive), Steve Capes (Head of Regeneration and Policy), Sandra Lamb (Head of Corporate Services), Annette Reading (Democratic & Electoral Services Assistant)

Jenny Williams (Internal Audit Consortium Manager)
John Cornett, KPMG (External Auditor)

APOLOGIES

Apologies for absence were received from Councillors Tony Millward BEM, Garry Purdy and Lewis Rose OBE. Councillor Tom Donnelly attended as Substitute Member.

214/17 – MINUTES

It was moved by Councillor Jacquie Stevens, seconded by Councillor Mike Ratcliffe and

RESOLVED
(unanimously)

That the minutes of the meeting of the Governance and Resources Committee held on 14 September 2017 be approved as a correct record.

The Minutes were signed by the Chairman.

Councillor Angus Jenkins joined the meeting at 6.15pm.

215/17 – EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER FOR 2016/17

The Chairman welcomed John Cornett, District Auditor for KPMG.

The District Auditor presented the Annual Audit Letter which summarised the key findings from the 2016/17 external audit of the District Council. The key issues raised in the letter were:

- Value For Money (VFM) conclusion – unqualified conclusion issued; the Auditors are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- VFM Risk Areas – The delivery of the Medium Term Financial Plan has been identified as a significant risk. Savings of £1.2million are required by 2021/22. Savings of this magnitude will require fundamental changes in the way the Council operates and Members may need to take increasingly difficult decisions going forward.
- Audit Opinion - unqualified opinion issued on the Authority's financial statements; the Auditor's believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.
- Recommendations – There are three recommendations relating to improvements to processes for the preparation of the Statement of Accounts, these are a a review of pensions assumptions, alignment of Members outturn report to the Narrative Statement and the availability of working papers.

The three recommendations relating to the Statement of Accounts had been accepted by the Head of Resources and will be addressed during the preparation of the Statement of Accounts for 2017/18.

It was moved by Councillor Albert Catt, seconded by Councillor Mike Ratcliffe and

RESOLVED That the External Auditor's "Annual Audit Letter for 2016/17" is noted.
(unanimously)

216/17 – INTERNAL AUDIT REPORTS CONCLUDED UNDER THE 2017/2018 OPERATIONAL AUDIT PLAN

The Committee considered the internal audit reports produced in respect of the 2017/2018 Internal Audit Plan and the progress made by management in implementing the agreed audit recommendations.

The 2017/18 Operational Audit Plan was approved by the Governance and Resources Committee on 23 March 2017.

A summary of reports issued covering the 2017/18 year to date for audits included in the 2017/18 Internal Audit Plan was attached as Appendix 1 to the report. This showed for each report a summary of the level of assurance that can be given in respect of the audit area examined and the number of recommendations made/agreed where a full response had been received.

The assurance column of Appendix 1 gave an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in accordance with the classifications shown tabled in the report. In summary, 6 reports had been issued all with a conclusion of "substantial", 1 recommendation had been made.

The current position at 15 October 2017, of internal audit recommendations made as a consequence of audit reviews, was set out in Appendix 2 to the report. 17 recommendations had been satisfactorily implemented since the last report; 13 were in the process of being implemented; 8 had not passed their implementation date (or revised implementation date) and 1 remained outstanding.

It was confirmed that there were no issues arising that related to fraud that needed to be brought to the Committee's attention.

It was moved by Councillor Albert Catt, seconded by Councillor Mike Ratcliffe and

RESOLVED That the findings and conclusions of the internal audit reviews and
(unanimously) follow up of the implementation of previous recommendations be noted.

217/17 – TRANSFORMATION HUB

The Committee considered a report on the activities and actions of the Transformation Hub to date and sought approval for the Transformation Programme for 2018/19 as set out in Section 8 of the report.

The objectives of the Transformation Hub were to improve efficiency, address process and structure considerations, and generate savings using Information and Communications Technology where appropriate.

The scope of the Transformation Hub was set out in the report together with progress so far. It was noted that business process re-engineering in Development Management had been delayed as recruitment to a temporary Project Manager post had been unsuccessful. A consultancy role was advertised instead and a consultant had been appointed to start work in January 2018.

It was moved by Councillor Mike Ratcliffe, seconded by Councillor Albert Catt and

RESOLVED 1. That the activities of the Transformation Hub to date are noted.
(unanimously) 2. That the Transformation programme 2018/19 is approved.

218/17 – RISK MANAGEMENT – CHIEF EXECUTIVE'S ANNUAL REPORT

The Committee considered a report on the Council's risk management processes and working practices which ensure that risk management arrangements continue to be effective, timely and fit for purpose, providing the Council with the correct levels of insight and support in relation to its risk exposure.

The Council identifies risks at two levels - Strategic Risks that will significantly impact the Council in the delivery of its Strategic Objectives and Corporate Plan; and Service Risks which will impact on the delivery of each service at an operational level. Managing these risks will assist each Head of Service in the delivery of their Service Plan objectives and key actions.

Relevant individuals meet on a quarterly basis to discuss the risks facing the Council and the delivery of its objectives. The risks highlighted during these sessions are analysed and

prioritised and further actions identified. These are captured within the Service and Strategic Risk Registers. Further guidance on the Council’s risk management processes and procedures can be found in the [Risk Management Policy and Strategy](#); dated September 2016.

A comparison of current risks with last year’s report showed one new risk (cyber crime) but in general it was an improved situation with fewer high risks. The Strategic Risk Action Plan shown in Section 1.6 of the report detailed mitigating actions identified by services and the Risk Continuity Group and reported data protection had been reduced to low risk.

It was moved by Councillor Chris Furness, seconded by Councillor Albert Catt and

RESOLVED That the report be noted.
(unanimously)

219/17 – RECOVERY OF CREDIT CARD SURCHARGES

The Committee considered a report setting out the history of the policy to recover the cost of bank charges levied on credit card payments in April 2011.

A new piece of legislation called the Second Payments Directive which comes into force on 13 January 2018, will effectively ban “surcharging for the use of payment instruments used to compensate for additional costs where interchange fees may be applied” i.e. recovery of bank charges. This could mean a loss of income estimated at £8500 per annum.

The available options were detailed in the report.

External legal advice had been sought, which the Head of Corporate Services reported to the meeting which effectively ruled out Option 1 (continue to recover the surcharge).

The Head of Corporate Services noted that Option 2 (continue to offer credit cards as a means of payment and discontinue the practice of recovering the surcharge) would continue to give customers the freedom of payment choice, particularly for the payment of council tax bills. The £8,500 was an administrative charge and at the end of the financial year would show as a deficit; however this could be redressed via an increase in fees in the Council’s budget for 2018/19.

It was moved by Councillor Albert Catt, seconded by Councillor Mark Salt and

RESOLVED That the Council continue to offer credit cards as a means of payment and discontinue the practice of recovering the surcharge.

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| For | 11 |
| Against | 0 |
| Abstentions | 3 |

MEETING CLOSED – 7.15 PM

CHAIRMAN