

## **AUDIT AND GOVERNANCE COMMITTEE**

Wednesday 12 March 2014

### **Present:-**

Councillor Bowkett (Chair)  
Councillors Baldwin, Branston, D J Henson, Laws, Morris, Payne, Ruffle and Spackman

### **Apologies**

Councillors Choules and Leadbetter

### **Also Present**

Assistant Director Finance, Audit Manager (HK), Policy Officer (LB) and Democratic Services Officer (Committees) (SLS)

David Bray, Senior Audit Manager, Grant Thornton, Chartered Accountants

34

### **MINUTES**

The minutes of the meeting held on 27 November 2013 were taken as read and signed by the Chair as correct.

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### **DECLARATION OF INTEREST**

No declarations of discloseable pecuniary interests were made.

36

### **AUDIT AND GOVERNANCE COMMITTEE UPDATE**

David Bray, the Senior Audit Manager, from the Council's external auditors Grant Thornton circulated a paper which provided Members with details of the progress made by them to deliver their responsibility as the City Council's auditor. He also referred to the Grant Thornton web site [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk) where there was a section dedicated to their work in the public sector. He anticipated a report on the interim accounts audit being completed by early April, before producing the Accounts Audit Plan for 2013/14. The detail would be reported to the meeting of this Committee on 25 June.

The Chair welcomed the report and highlighted a number of key issues that the Audit and Governance Committee might wish to consider in the future. He referred to the challenges of public sector budget reductions and the propensity to reach the 'tipping point', when financial pressures were deemed to be a real risk. He referred to Grant Thornton's national report, an exercise to assess whether English local authorities had the necessary arrangements in place to ensure their sustainable financial future. The report also included a good practice checklist designed to provide senior management and Members with an overview of key tipping point risks. It was noted that the Strategic Management Team had worked towards a transformation plan to achieve savings and, where possible, ensure services were maintained. The Audit Manager (HK) confirmed that the Internal Audit team would be working with the Assistant Director Finance and the Policy Officer to concentrate on the City Council's response to the checklist with a view to reporting back to Members.

The Audit and Governance Committee noted the report.

**CERTIFICATION REPORT 2012/13**

David Bray, presented details of the certification work for 2012/13. He outlined the certification arrangements, and provided the detail of three claims and returns certified in respect of the Housing and Council Tax Benefit Scheme, National Non-Domestic rates return and the pooling of Housing Capital receipts. As there were no returns required for the Housing Revenue Account subsidy during 2012/13, the fee had been reduced by £500 to that of the previous year.

The Audit and Governance Committee noted the report.

**ANNUAL INTERNAL AUDIT PLAN 2014/15**

The report of the Audit Managers was submitted, seeking the Committee's approval of the 2014/15 Internal Audit Plan, which was linked to the Council's Corporate Risk Register. The three main areas of risk highlighted, included Creditors, Housing and Housing Benefits which was a particularly high area of risk and a comprehensive audit of Housing Benefits had already commenced. A review of the outcome of the Housing Voids process would also be included in the next quarterly report.

The Assistant Director Finance advised a report had been taken to the Strategic Management Team setting out a full review of the Council's sundry debt, had an outstanding debt to debt raised ratio of 7.5% which compared unfavourably to Council tax and Business rates which had much lower ratios. A full review would be conducted to ensure that there was a more coordinated approach, and any proposals would be presented to the Audit and Governance Committee.

**RESOLVED** that the Audit and Governance Committee approve the 2014/15 Internal Audit Plan.

**INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager (HK) submitted a progress report on the internal audit work carried out during the period 1 October to 31 December 2013. A summary of the progress made against the annual Audit Plan, together with detail of those that had been completed were included in appendices to the report. She was able to confirm that two recommendations made in respect of the ICT operation management had now been agreed. The Audit Manager also responded to a Member's question relating to the audit check process in respect of the payroll procedure stating that a larger sample had been required. A copy of the full report was available to Members on request. She welcomed the overview of Audit and Governance Committee which had helped to ensure an improved response to the process.

The Assistant Director Finance confirmed that the Chief Executive and Growth Director had responded to the Audit Commission confirming that the appropriate checks will be made in respect of data from 2012.

**RESOLVED** that:

- (1) the Internal Progress Report for the third quarter of the year 2013/14 be noted; and
- (2) the Audit and Governance Committee noted that the audit report's recommendations as detailed in section 4 of the report had been accepted by management as an acceptable risk to the Council.

**CORPORATE GOVERNANCE RISK REGISTER ANNUAL REVIEW**

The report of the Corporate Manager Policy, Communications and Community Engagement was submitted, presenting the updated Corporate Risk Register and advising the Committee of the Council's Risk Management progress. The Policy Officer responded to comments regarding the legal responsibility in relation to drainage, including public and private sewers and with colleagues would provide an update for Members. She would also liaise with the City Council's Environmental Health team in respect of any required intervention on contaminated land at sites throughout the city.

The Chair reminded Members that a robust risk assurance process existed and was monitored through both internal and external audit processes as well as being reported to the Audit and Governance Committee. Any issues would be reported to the respective Scrutiny Committees but, although individual services would already be responding to any issues, there was the option to call respective managers to account. The Audit Manager (HK) advised that, as part of role of audit, the City Council's Audit Plan was also linked to the Risk Register and presented to the Audit and Governance Committee as part of that process. She agreed that the Committee had resulted in a step change in the organisation's approach with a more positive effect of how the Internal Audit service was perceived throughout the City Council.

The Audit and Governance Committee noted the updated Corporate Risk Register.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** that, under section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item 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.

**CORPORATE GOVERNANCE RISK REGISTER ANNUAL REVIEW (APPENDIX B)**

The Policy Officer presented the report of the Corporate Manager Policy, Communications and Community Engagement which advised the Committee of the changes introduced to the Council's Risk Management policy and procedures. This included an appendix to the report (Appendix B).

The Audit and Governance Committee noted the report including the details contained in Appendix B.

(The meeting commenced at 5.30 pm and closed at 6.55 pm)

Chair