

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 24 June 2015

Present:-

Councillor Vizard (Chair)

Councillors Baldwin, Bowkett, Buswell, Harvey, Lyons, Sheldon and Williams

Apologies:-

Councillors Henson, Laws and Robson

Also Present:-

Deputy Chief Executive, Assistant Director Finance, Audit Manager (HP) and Democratic Services Officer (Committees) (SLS)

David Bray – Senior Manager Assurance, Grant Thornton

Geraldine Daly – Engagement Lead Grant Thornton

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MINUTES

The minutes of the meeting held on 18 March 2015 were taken as read and signed by the Chair as correct.

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DECLARATION OF INTERESTS

No declarations of disclosable pecuniary interest were made.

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PRESENTATION ON THE SCOPE OF THE AUDIT AND GOVERNANCE COMMITTEE

The Chair welcomed new Members to the Audit and Governance Committee.

The Audit Manager (HP) made a short presentation which outlined the independent role of internal audit in contributing towards the Council's probity and transparency. A copy of the terms of reference for the Audit and Governance Committee included details of the responsibility for overseeing the internal controls environment had been sent to Members. An invitation was extended to Members to contact the Audit Managers if they required any additional information.

David Bray and Geraldine Daly from the City Council's current External Auditors, Grant Thornton, were also present. Geraldine Daly provided a brief overview of the audit regime they worked within, which provided:-

- an opinion on the Council's financial statements
- a value for money (VFM) conclusion;
- data and information to the Audit Commission; and
- a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year; which had been properly prepared in accordance with CIPFA's Code of Practice on Local Authority Accounting.

Members of the Committee thanked the Audit Manager and colleagues from Grant Thornton for their informative presentation.

ANNUAL SCRUTINY REPORT 2014/15

An update was presented by the Scrutiny Programme Officer on the progress and work of scrutiny and the Task and Finish Groups within the City Council's political framework for the period 2014/15. The report included a synopsis of the Task and Finish Group investigations, a review of the proposals for the Scrutiny system and timetabling/plans for 2015/16.

A Member commented on the strides made within scrutiny, referring to best practice but felt that this had been compromised by the latest changes in the chairing of the three Scrutiny Committees. Another Member recalled the discussion at the recent meeting of Scrutiny Committee – Economy, and felt that the level of scrutiny remained robust with every effort made to ensure that scrutiny was observed.

The Audit and Governance Committee approved the Annual Scrutiny Report for inclusion on the Council's web site.

AUDIT PLAN 2014/15 GRANT THORNTON

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The Audit and Governance Committee approved the Annual Scrutiny Report for inclusion on the Council's web site.

AUDIT AND GOVERNANCE COMMITTEE UPDATE

David Bray presented the Audit and Governance Committee Update report, which included the latest position and progress made for the period until June 2015. The report covered the financial picture, local accountability and further detail on Local Government Governance. He also provided an update on the 2014/15 Audit fee and indicative certification fee of £10,890 for 2014/15.

One issue that would require careful consideration was the earlier closedown of the Council's accounts. A number of changes would be implemented from 2017/18, and the deadline for the production of Local Government financial statements and subsequent audit had been brought forward. The Assistant Director Finance advised that the earlier closedown of the Council's accounts would be a challenge, but his staff had already started the necessary preparations.

The Audit and Governance Committee noted the Audit Committee Update and progress as at June 2015.

ANNUAL AUDIT FEE LETTER 2015/16

The Assistant Director Finance presented the Audit Commission's proposed work programme and scale of fees for 2015/16, to be charged by the external auditors for the auditing of the Council's services and accounts. Following an open tendering

session, KPMG had been appointed as the Council's external auditors with effect April 2015. It was noted that the fee for 2015/16 had been set by the Audit Commission at £57,887.

The Audit and Governance Committee noted the Fee Letter set for 2015/16.

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RESPONSE TO GRANT THORNTON 2014/15

The Assistant Director Finance presented a report which set out the responses of the Chair of Audit and Governance Committee and the Council's Management Team to a set of questions from Grant Thornton, as part of the External Audit arrangements of the Council which had been reported to this Committee on 11 March 2015.

The Audit and Governance Committee endorsed the responses made.

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ANNUAL GOVERNANCE STATEMENT 2014/15

The Assistant Director Finance presented the report which set out the proposed updated Annual Governance Statement that would accompany the Council's Statement of Accounts for 2014/15. The Statement reviewed the Council's performance against its Code of Governance, which was published on the Council's web site. He commented on the review of effectiveness and confirmed that the City Council had received 213 customer complaints, which had been actioned by the relevant Assistant Director or Corporate Manager.

The Audit and Governance Committee supported the report and recommended to Council to approve the following:-

- (1) updated Code of Corporate Governance for 2014/15; and
- (2) Annual Governance Statement being included within the Council's Annual Statement of Accounts for 2014/15.

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ANNUAL INTERNAL AUDIT REPORT FOR THE YEAR ENDED 31 MARCH 2015

The Audit Manager (HP) presented the annual Internal Audit Report, having met the Public Sector Internal Audit Standards which informed the Council's Annual Governance Statement, including the quarterly update on the progress of Internal Audit work. The report also included an opinion on the overall adequacy and effectiveness of the Council's control environment, and a summary of the work undertaken in the year.

The Audit Manager provided an update on the recommendations made in their internal audit summary of work completed for the period January to March 2015. The summary of work included two recommendations not accepted by management, the introduction of a Service Operational Risk Coordinator and also in respect of risk financing, which was currently not part of the Council's risk management strategy.

A summary of investigations was included.

A Member referred to the capacity of the City Council to manage all areas of risk. The Deputy Chief Executive agreed it was important to have a robust Risk Register in place, and he confirmed that there was a greater cultural awareness of risk within the City Council. A Member referred to the business continuity work and hoped that a greater emphasis on partnership and community work would be included in the future. The Audit Manager responded to a Member's enquiry on the inclusion of

safeguarding as part of the Enabling Service, and would circulate the full report to Audit and Governance Committee Members.

The Audit and Governance Committee noted the report and supported approval of the Audit report recommendations not accepted by management, as detailed in Section 2 Appendix B, which were deemed as an acceptable risk to the Council.

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REVIEW OF CORPORATE GOVERNANCE RISK REGISTER

The report of the Corporate Manager Policy, Communications and Community Engagement included an updated Corporate Risk Register. The Deputy Chief Executive presented the quarterly report which advised the Committee of the Council's proposed, revised risk management arrangements. Risk management was a part of the Corporate Governance arrangements, and the process was embedded throughout the Council.

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

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

RESOLVED that, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting of the following item, on the grounds that it involved the likely discussion of exempt information as defined in Paragraph 3 of Part 1, Schedule 12 of the Act.

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REVIEW OF CORPORATE GOVERNANCE RISK REGISTER (APPENDIX A)

The Deputy Chief Executive 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 A).

The Deputy Chief Executive responded to a number of Members' comments on the Risk Register:-

- updates would be made in the Citizen in consultation with the Environment Agency to ensure local residents were kept informed in respect of the flood relief measures.
- a presentation would be made to Scrutiny Committee - Community on the opportunities for recycling and additional income generation.
- work would continue with the Highways Authority and other stakeholders to progress the Bus and Coach Station site.
- issues relating to the Rugby World Cup 2015 legacy.
- the reduction in rental income from void retail units in the city and the development of an Asset Management Plan for the community estate.
- the equality impact assessments were fully embedded within the organisation.
- to meet the demands of future funding requirements following changes to the housing benefit welfare reforms.
- ensuring the District Heating initiative was progressed.

The Audit and Governance Committee noted the details contained in Appendix A.

(The meeting commenced at 5.30 pm and closed at 7.05 pm)

Chair