

# FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 13 March 2012 at the Town Hall, Royal Leamington Spa at 6.00pm.

**PRESENT:** Councillor Mrs Knight (Chair): Councillors Cross, Dagg, Edwards, Illingworth, MacKay, Pittarello, Rhead, Mrs Sawdon, Mrs Syson and Williams.

ALSO PRESENT: Councillors Mrs Grainger and Mobbs (Portfolio Holders).

An apology for absence was received from Councillor Pratt.

## 125. **SUBSTITUTES**

Councillor Illingworth substituted for Councillor Pratt.

## 126. **DECLARATIONS OF INTEREST**

Minute 134 – Executive Agenda (Non-Confidential Items & Reports) – Item 5 – Tourism & Visitor Economy

On receipt of legal advice, Councillor Cross declared a personal and prejudicial interest as a member of Warwick Town Council. He agreed to leave the room for the duration of the item.

Minute 136 – Executive Agenda (Confidential Items & Reports) - South West Warwick (Chase Meadow) Community Centre Development

Councillor Illingworth declared a personal interest because the development was in his ward. Councillor MacKay declared a personal interest because he had been involved in a working group looking at the development.

## 127. **MINUTES**

The minutes of the meetings held on 14 February and 5 March 2012 were taken as read and signed by the Chair as a correct record.

## 128. **EXTERNAL AUDIT REPORT – CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT**

The Committee received a report presenting the Certification of Claims and Returns Annual Report which had been produced by the Audit Commission.

The Council's external auditors were required to audit several grants and returns which were prepared by council officers each year. The Annual Report presented their findings. Mr Neil Preece of the Audit Commission attended the meeting to present the report and respond to questions.

Mr Preece pointed out that none of the claims were qualified, which was quite unusual, and that the Council's performance had been very good. He

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

thanked Finance officers for their work and made special mention of Andrea Wyatt whose considerable effort had resulted in a significant saving for the Council.

**RESOLVED** that the report be noted and its contents accepted or, where appropriate, acted upon.

### **129. AUDIT OPINION PLAN 2011/12**

The Committee received a report from Finance which asked Members to consider the external auditors' Annual Audit and Inspection Plan letter for 2011/12 and, if necessary, agree any further information required from either officers or the external auditors.

Mr Neil Preece attended the meeting on behalf of the Council's external auditors, the Audit Commission. He presented the Opinion Plan, pointing out that three specific risks had been identified, those being Heritage Assets, HRA reform and Pension Fund triennial review, all of which officers had expected to be identified.

Mr Preece also briefly summarised future external audit arrangements for the Council, which from 1 November 2012 would be handled by Grant Thornton for the next five years. A number of Audit Commission staff would be transferring to Grant Thornton. The Council would be able to appoint its own auditor from 2017/18.

In response to a question concerning the transfer of staff to Grant Thornton, Mr Preece confirmed that different people would be responsible for signing accounts. Safeguards were in place to ensure that audits would be carried out properly.

The Committee thanked Mr Preece for his report and presentation.

**RESOLVED** that the Audit Opinion Plan 2011/12 letter be noted.

### **130. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 14 March 2012.

#### **Item Number 4 – C&CS Review – Team Structure. ICT Strategy & Channel Strategy**

The Committee supported the recommendations in the report, whilst expressing considerable concern over the potential for redundancies and the associated cost.

The Committee felt that any risk in the strategy should be highlighted. They requested that future reports highlight the needs of unemployed, vulnerable and student residents (which could well be in the majority) and how their requirements would be met by the Council. There was also a call for staff to be particularly well trained on how to deal with frightened and

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

worried customers. Also arising from the Committee's deliberations was the need for a full investigation into the use and cost of mobile phones.

(Councillor Grainger left the meeting at the conclusion of this item)

### **131. UPDATE: INVESTIGATION INTO LEISURE CENTRES ANNUAL MEMBERSHIPS**

Further to a report presented to the 13 September 2011 meeting of the Committee, Members received a report updating them on progress made in implementing the recommendations contained in that report.

The Sports, Parks & Leisure Manager attended to respond to questions. He reported that Cultural Services had worked closely with Internal Audit to implement necessary protocols. Staff morale had been affected, but this was beginning to improve. He confirmed that CCTV had been used in some leisure centres for a number of years and he cited a number of examples in which it had proved invaluable.

**RESOLVED** that the report be noted and its contents accepted or, where appropriate, acted upon.

### **132. INTERNAL AUDIT STRATEGY AND PLAN 2012/13 – 2014/15**

The Committee received a report from Finance presenting the Internal Audit Strategy and Plan 2012/13 – 2014/15 for consideration and approval.

The Audit and Risk Manager presented the report, setting out the proposed strategy for the next three years. He gave a brief outline of the thinking behind the new format of the plan, and responded to questions in relation to the proposed audit of elections in 2014/15 and the top ten business risks. He pointed out that from next year the audit function would be carried out with 15% less resources, but officers were comfortable that this could be achieved.

The Audit and Risk Manager was thanked for his report and in particular appendix 2, which was clearly set out.

**RESOLVED** that the Internal Audit Strategy and Plan for the period 2012/13 to 2014/15 be approved.

### **133. INTERNAL AUDIT QUARTER 3 2011/12 PROGRESS REPORT**

The Committee received a report from the Audit and Risk Manager detailing progress achieved in the Internal Audit Plan 2011/12, summarising audit work completed in the third quarter and providing assurance that action had been taken by managers.

In June 2010 the Committee had decided that they only wished to receive extracts from internal audit reports, issued during the quarter, where the assurance opinion was moderate or below.

The Audit and Risk Manager summarised the main issues relation to the 3 cases which had been given less than a substantial level of assurance.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

Members were particularly concerned that recommendations made over a number of years in relation to communications had not been implemented. The Deputy Chief Executive (AJ) explained difficulties which had been experienced around management of communications. He expected that a strategic approach should be in place within 6-8 months.

Members noted that funding had been secured for a review of the Council's mobile telephone usage and that somebody was lined up to carry this forward.

**RESOLVED** that the report be noted and its contents accepted or, where appropriate, acted upon.

(Councillor Mobbs joined the meeting during this item)

### **134. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 14 March 2012.

#### Item Number 5 – Tourism & Visitor Economy

The Committee were pleased to see input from Warwick Castle. Members emphasised the importance of business engagement and supported the recommendations in the report.

(Councillor Cross left the meeting for this item, having declared a personal and prejudicial interest. Councillor Mrs Grainger returned to the meeting during the course of this item and Councillor Mobbs left the meeting)

### **135. PUBLIC AND PRESS**

**RESOLVED** that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

### **136. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 14 March 2012.

#### Item Number 11 – South West Warwick (Chase Meadow) Community Centre Development

The Committee supported the recommendations in the report, subject to at least one member of Warwick District Council being included on the board of directors. The Committee therefore recommended to Executive that at least one member of Warwick District Council be included on the board of

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

directors. It was suggested that consideration should be given to installing drains as part of the building works, which would save a great deal of expense at a later date if it was then decided that showers should be installed.

The Deputy Chief Executive (AJ) agreed to clarify what Design Development Risk is.

(Councillors Mrs Grainger & Pittarello left the meeting at the conclusion of this item)

### Item Number 12 – Kenilworth Public Service Centre

The Committee supported the recommendations in the report.

### Item Number 14 – Code of Procurement Practice: Exception Request

The Committee supported the recommendations in the report.

## 137. **EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 14 March 2012.

### Item Number 6 – Court Street Creative Arches

The Committee supported the recommendations in the report.

### Item Number 9B – Request for transfer of funds from Planning Appeals Reserve

The Committee supported the recommendations, but suggested that recommendation 2.1 should be more robust in terms of commitment to the use of Framework Agreements in the future. The Committee also felt there was a need for a diplomatic letter to Town and Parish Councils setting out this Council's position as detailed in recommendation 2.4. The Committee therefore recommended that the Executive write to Town and Parish Councils, diplomatically setting out the Council's position as detailed in recommendation 2.4.

## 138. **COMMENTS FROM THE EXECUTIVE**

A report from Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 15 February 2012.

**RESOLVED** that the contents of the report be noted.

## 139. **FORWARD PLAN**

The Committee considered a report from Members' Services informing them of the current Forward Plan, attached as an appendix to the report.

One of the five main roles of overview and scrutiny in local government was to undertake pre-decision scrutiny of Executive decisions. If the Committee had an interest in a future decision to be made by the Executive it was within the Committee's remit to feed into the process.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

The Forward Plan detailed the future work programme for the Executive. If a non-executive member highlighted a decision which was to be taken by the Executive which they would like to be involved in, members could then provide useful background to the Committee when the report was submitted to the Executive and they were passing comment on it.

**RESOLVED** that there were no forthcoming Executive decisions which they wished to have an input into before the Executive make their decision, at present.

### 140. **REVIEW OF THE WORK PROGRAMME**

A report from Members' Services detailed the Committee's work programme for 2011/12 and 2012/13.

**RESOLVED** that the work plan for 2011/12 and 2012/13 be noted.

(The meeting ended at 8.33 pm)