

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 20 August 2019 at the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillor Nicholls (Chair); Councillors: Bartlett, J Dearing, R Dickson, Illingworth, Jacques, Leigh-Hunt, Syson, Tangri and Wright.

## 39. Apologies and Substitutes

- (a) there were no apologies; and
- (b) Councillor Illingworth substituted for Councillor Tracey.

## 40. Declarations of Interest

Minute Number 43 – Executive Agenda (Confidential Items & Reports – Wednesday 21 August 2019) – Executive Item 11 – 2<sup>nd</sup> Sea Scouts

Councillor Illingworth declared an interest because he had visited the Sea Scouts in his capacity as Chairman of Warwick District Council and had received a briefing on the subject matter of the report.

Councillor Jacques declared an interest because he was a Scouts Leader.

Minute Number 48 – Executive Agenda (Non Confidential Items & Reports – Wednesday 21 August 2019) – Executive Item 8 – Relocation of Kenilworth School

Councillor Wright declared an interest because he had a conflict of interest in the overall plan for this development. He left the room whilst this item was considered.

Councillor Hales declared an interest because he was the Vice-Chairman of Trustees at Kenilworth School. He left the room whilst this item was considered.

## 41. Minutes

The minutes of the meeting held on 30 July 2019 were taken as read and signed by the Chairman as a correct record, subject to an amendment to the list of Councillors present at the meeting because Councillor R Dickson did not attend the meeting.

## 42. Public and Press

**Resolved** that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within paragraph 3 of Schedule 12A of the Local

The items below were considered in confidential session and the full details of these were included in the confidential minutes of the meeting.

(Councillor Bartlett joined the meeting during this item.)

**43. Executive Agenda (Confidential Items & Reports – Wednesday 21 August 2019)**

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 21 August 2019.

Item 16 – PSP Warwick Limited Liability Partnership

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Item 11 – 2<sup>nd</sup> Warwick Sea Scouts

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

(The meeting resumed in public session.)

**44. Executive Agenda (Non Confidential Items & Reports – Wednesday 21 August 2019)**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 21 August 2019.

Item 4 – Budget Review to 30<sup>th</sup> June 2019

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Item 9a - Risk Management Annual Report 2018/19

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

(This was also contained on the agenda of the Committee as Item 5)

Item 9c – Update on Action Plan following Review of Closure of Accounts

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

(This was also contained on the agenda of the Committee as Item 7)

**45. Internal Audit Quarter 1 2019/20 Progress Report**

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2019/20, summarised the audit work

completed in the first quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

At the start of each year, Members approved the Audit Plan setting out the audit assignments to be undertaken. An analysis of progress in completing the Audit Plan for 2019/20 was set out at Appendix 2 to the report.

Management was responsible for the system of internal control and would set in place policies and procedures to help ensure that the system was functioning correctly. On behalf of the Authority, Internal Audit reviewed, appraised and reported on the efficiency, effectiveness and economy of financial and other management controls.

Each audit report gave an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands were shown in Section 9.2 in the report.

Four audits were completed in the first quarter of 2019/20. Copies of all the reports issued during the quarter were available for viewing on the online agenda for the meeting.

The action plans accompanying all Internal Audit reports issued in the quarter were set out as Appendix 3 to the report. These detailed the recommendations arising from the audits together with the management responses, including target implementation dates.

Responses had been received from managers to all recommendations contained in audit reports issued during the quarter in question.

One audit completed in the quarter was awarded a lower than substantial assurance opinion. This was in respect of the 'Loans to External Organisations' audit.

In response to questions from the Committee, it was confirmed that although Internal Audit and the Corporate Management Team (CMT) were unable to reach a consensus initially on the issue of loans to external organisations, in recent weeks, CMT had accepted the recommendations in the report. A policy was now being written and a first draft was shared with the legal advisors. The Audit & Risk Manager was satisfied that there was a constructive dialogue, and it was recognised this might not be the case in other organisations. The Committee felt it was a crucial part of its role to protect the internal audit's independence.

**Resolved** that the report and appendices be noted.

#### **46. Review of the Work Programme and Forward Plan**

The Committee received a report from Committee Services that detailed its work programme for 2019.

**Resolved** that the Work Programme be noted.

#### **47. Review of Housing Services- Service Area Update**

The Committee received a report from Housing presenting the risk register, contract register and budget outline for Housing Services.

Each service area reported periodically to Finance and Audit Scrutiny Committee to give Members the opportunity to scrutinise the three documents appended to this report. The latest version of the Risk Register was set out in Appendix A to the report, the up-to-date contract register was set out in Appendix B to the report, details of Housing Services budgets were included in Appendix C for consideration and Appendix D summarised current levels of performance for the Service Area.

The scoring criteria for the Risk Register was subjective and it was based on an assessment of the likelihood of something occurring, and the impact that might have on the service.

In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse was true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks were within the area shaded red, whilst the latter-described set of risks were within the area shaded green; the mid-range were in the area seen as yellow.

Housing Services provided a wide range of services with varying levels of inherent potential risk. There were 12 risks contained in the Risk Register.

11 of the 12 risks were shown as "amber" in accordance with the Council's risk scoring matrix. The other risk shown as "red" was being addressed by identifying posts, recruitment, retention and job evaluations. Mobile working arrangements were also being investigated.

As with all the risks in the register, it was the controls and mitigations that were being undertaken to control the risks that were of importance. These reflected the tangible actions over which there was more control.

Housing Services currently had 29 live contracts on the contract register.

The most significant of these contracts related to the Council's in-house Housing Management System (MIS - ActiveH). The contract for this system was due to come to an end in 2020 but there was an option to extend the contract for a further two years which would be taken up.

Prior to the meeting, questions from Members were issued to the Head of Housing. A document with responses to these questions was circulated to Members at the meeting.

In response to questions from the Committee, it was confirmed that:

- there was a considerable amount of legislative change which had been instigated by events such as the Homeless Reduction Act, the Grenfell Tower fire, higher customer expectation and technology. There were also changes due to the national progression and there were now new aspects to the work the Housing Team did;
- in order to manage this change, there was a need for appropriate resources. Whilst there was a temporary structure in place, and it was important to look at it as part of the Housing Review, it was time to look at the situation on a long term basis. The risk was that the Council would not attract or retain the right calibre of staff under the temporary structure;

- a report would be presented to the Employment Committee in December;
- whilst in the past a signed paper copy of each contract was stored, the Council had now moved to electronic versions. It was important that a signed copy of all contracts was kept, either in paper form or electronically;
- the actual contracts were managed through the Assets Team. Various approaches had been taken for checking the quality of work, including inspectors or surveyors going out to check. In other instances, the Housing managers or officers would go out and check. The Head of Housing was keen to find ways of improving this, to enable a more robust follow up and signing off work that was done; and
- the Housing Team had a number of large contracts and it was important to continue to provide value for money.

**Resolved** that the report and appendices be noted.

**48. Executive Agenda (Non Confidential Items & Reports – Wednesday 21 August 2019)**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 21 August 2019.

Item 7 – Warwick District Leisure Development Programme – Kenilworth Facilities

The following people addressed the Committee:

- Ms Roberts and Mr Peacock, members of the Restore Kenilworth Lido Group. With the Chair's permission, Mr Peacock distributed papers at the meeting containing what the Group considered to be inaccuracies to officers' report.

After taking a vote on each individual recommendation, the Finance & Audit Scrutiny Committee supported the recommendations in the report.

Item 8 – Relocation of Kenilworth School

The Finance & Audit Committee supported the recommendations in the report, with a request that the Deputy Chief Executive (AJ) would request from ARUP, the developers, a clear description of the building design standards they were working towards, in view of the District's Climate Emergency.

(Councillors Hales and Wright re-joined the meeting.)

(The meeting ended at 8.47pm)

Signature redacted



CHAIR  
26 September 2019