

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 1 December 2015 at the Town Hall, Royal Leamington Spa at 6.55pm.

**Present:** Councillors Barrott (Chair), Day, Gifford, Heath, Illingworth, Mrs Knight, Mann, Mrs Stevens and Thompson

Apologies for absence were received from Councillors Butler and Rhead.

## 85. **Substitutes**

Councillor Mrs Knight substituted for Councillor Quinney and Councillor Mrs Stevens substituted for Councillor Harrington.

## 86. **Declarations of Interest**

Minute Number 95 - Executive Agenda Item 5 – Digital Transformation of Council Services

Councillor Gifford declared an interest because he was a Warwickshire County Councillor.

## 87. **Minutes**

The minutes of the Joint Finance & Audit and Overview & Scrutiny meeting and the Finance & Audit Scrutiny Committee of 3 November 2015 were taken as read and signed by the Chairman as a correct record.

## 88. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 2 December 2015**

Agenda Item 3 – General Fund Base Budgets

The Committee supported the recommendations in the report including the revised wording of recommendation 2.1(c).

Agenda Item 6 – Racing Club Warwick, St Mary’s Lands, Warwick

The Committee supported the recommendations in the report.

Members felt that the Executive should provide confirmation that this decision would not set a precedent to other sports clubs within the District but noted that the investment in this case was on Council owned land.

The Committee also made comments on the confidential legal advice received, which the Chairman would deliver at the Executive meeting.

89. **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 items, by reason of the likely disclosure of exempt information within the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

90. **Executive Agenda (Confidential Items & Reports) – Wednesday 2 December 2015**

Agenda Item 9 – HR Resources Review

The Committee supported the financial recommendations in the report, knowing that Employment Committee would discuss the establishment in more detail.

Agenda Item 8 – Land off Albion Street, Kenilworth

The Committee supported the recommendations in the report.

91. **Internal Audit Quarter 2 2015/16 Progress Report**

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2015/16, summarised the audit work completed in the second quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

The Audit and Risk Manager introduced the report and advised that seven audits had been completed in the second quarter of 2015/16. Copies of all the reports issued were made available to Members electronically.

All Internal Audit reports issued in the quarter were accompanied by action plans and these were attached as Appendix 3 to the report. The report also outlined the responses that had been received from managers to all the recommendations put to them in the audit reports.

Members were mindful that the Section 106 Agreements detailed in appendix 5 of the report needed careful monitoring and agreed that this should remain on the Committee's work programme for ongoing scrutiny.

**Resolved** that the report be noted and its contents accepted.

92. **Annual Governance Statement Action Plan 2015/16: Review of Progress**

The Committee received a report from Finance which reviewed the progress being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2014/15.

The appendix accompanying the report set out the progress in addressing the Significant Governance Issues.

The production of an Annual Governance Statement was a statutory requirement for local authorities and the responsibility for financial management, as detailed in Regulation 4 of The Accounts and Audit (England) Regulations 2011, was explained in section 9 of the report.

The report helped Members fulfil their responsibility for effective corporate governance within the Council and provided assurance that governance issues identified as part of the compilation of the Annual Governance Statement were being addressed.

The Significant Governance Issues were summarised in the Annual Governance Statement Action Plan for 2015/16 that formed part of the Annual Governance Statement for 2014/15. Appendix A to the report set out the progress in addressing the Significant Governance Issues

The Audit and Risk Manager introduced the report and advised that issues were being addressed as per the appendix. The Audit and Risk Manager was asked about item 3.4.1 in the appendix which related to the constitution-related documents that had not been reviewed in the past twelve months. In response, the Audit and Risk Manager proposed to email the Democratic Services Manager and request an answer to the Committee's concerns.

Councillor Mrs Knight raised the issue of Procurement Training for Members and employees. She felt that this should be a continuous process and suggested that officers should follow up on attendance. Officers reminded Councillor Mrs Knight that the Procurement Team had had a significant turnover of staff recently, however, new starters were now in post with a third individual due to commence work shortly.

**Resolved** that the Action Plan set out in the Appendix to the report had been reviewed and it was confirmed that the progress being made in addressing the Significant Governance Issues relating to the Annual Governance Statement 2014/15 was satisfactory.

93. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 2 December 2015**

Agenda Item 4 – Code of Corporate Governance

The Committee supported the recommendations in the report.

94. **Treasury Management Activity Report for the period 1 April 2015 to 30 September 2015**

The Committee received a report from Finance which detailed the Council's Treasury Management performance for the period 1 April to 30 September 2015.

The Council's 2015/16 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management Function to be reported to Members on a half yearly basis.

This report informed Members of past performance and therefore Members were just asked to note the information contained within it.

The major influence on the Council's investments was the Bank Rate. The Bank Rate remained at 0.5% for the first half year to 30 September 2015. The Council's Treasury Management Advisors, Capita Asset Services, provided a forecast for future Bank Rates in section 9 of the report.

In addition, a detailed commentary by Capita Asset Services on the economic background surrounding this report, appeared as Appendix A to the report.

The report also included details on money market investments, money market funds and call accounts, counterparty credit ratings and prudential indicators.

The Committee thanked the officers for a well written and informative report.

**Resolved** that the contents of the report are noted.

95. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 2 December 2015**

Agenda Item 5 – Digital Transformation of Council Services

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

However, Members had concerns that there were no figures in the report explaining how many residents paid by cash / cheque and this was necessary for them to understand the needs of residents and visitors to the District. Members agreed that the ethos behind the move should be around 'encouraging' digital progression and not implying that the Council would not accept cash or cheques.

96. **Comments from the Executive**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 30 September 2015.

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

97. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2015/16 and the latest published version of the Forward Plan.

The Committee Services Officer noted that there was a grammatical error on the work programme for March 2016 and it was agreed that the Annual Audit Letter should be listed in the Audit items for January 2016.

Following an email that had been circulated by the Audit and Risk Manager, it was agreed that an additional item be added to the work programme relating to the future visit from Zurich Insurance. The Audit and Risk Manager had advised the Committee at the previous meeting that the company would be attending a future meeting as part of the external review of the Council's risk management arrangements. It was hoped that the Committee would be able to give some feedback to Mr Penter from Zurich, on how it saw risk management in the organisation.

During discussions about the Internal Audit Quarter 2 report earlier in the meeting, Members had requested that S106 Agreements continued to be monitored and that this be added to the work programme for future scrutiny.

**Resolved** that the work programme be updated accordingly.

(The meeting ended at 9.25 pm)