

# **FINANCE AND AUDIT SCRUTINY COMMITTEE**

Minutes of the meeting held on Tuesday, 12 March 2013 at the Town Hall, Royal Leamington Spa at 6.00pm.

**PRESENT:** Councillors Barrott, Dagg, MacKay, Pittarello, Pratt, Mrs Sawdon, Mrs Syson, Weed and Williams.

**ALSO PRESENT:** Councillors Caborn and Cross (Portfolio Holders).

Apologies for absence were received from Councillors Mrs Knight, Mrs Mellor and Rhead.

## **145. SUBSTITUTES**

Councillor Weed substituted for Councillor Mrs Knight.

## **146. NOMINATIONS FOR INTERIM CHAIR**

It was proposed and duly seconded that Councillor Barrott be nominated as interim Chair in Councillor Mrs Knight's absence.

## **147. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **148. AUDITING STANDARDS – REPORT FROM EXTERNAL AUDITORS**

Ahead of the 2012/13 accounts, the Committee considered a report from the Head of Finance which presented a report by the external auditors, Grant Thornton, looking at the arrangements in place that would reduce the risk of material misstatement within the accounts.

The Finance and Audit Scrutiny Committee was required to consider this report. In planning and performing the audit of the financial statements the auditors needed to understand how the Committee, as "those charged with governance", supported by the Council's officers, met its responsibilities in addressing; fraud; laws and regulations; going concern; related party transactions; and accounting for estimates.

The external auditor's report summarised Grant Thornton's understanding of the respective responsibilities of the Finance & Audit Scrutiny Committee, officers and external audit in each of these areas, as set out by International Standards on Auditing (UK and Ireland) (ISAs). The external auditor's primary responsibility was to consider the risk of material misstatement.

Mr Preece attended the meeting on behalf of the external auditors to present the report. The Committee confirmed that the report was consistent with its understanding of how the Council operated.

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

Mr Preece was thanked for attending the meeting.

**RESOLVED** that the Committee confirms its satisfaction with external audit arrangements as described in the report presented by Grant Thornton.

### **149. LOCAL PLAN RISK REGISTER**

Further to a decision taken by the Committee in November 2012 to prioritise and review the various elements of the Significant Business Risk Register, and following a presentation by the Development Policy Manager at the December meeting, Members received a presentation on the Local Plan Risk Register (LPRR) by the Portfolio Holder (Strategic Leadership) (Deputy Leader) and the Development Policy Manager.

The three main areas of the LPRR were: delivering a sound plan; adopting the plan to timetable; and infrastructure planning and community infrastructure levy.

The most up-to-date version of the LPRR, which superseded the version attached to the agenda, was circulated at the meeting. The Portfolio Holder drew attention to a risk described as "Failure to satisfy an inspector that the Plan can be delivered" and talked about how neighbouring authorities within the sub-region had failed to agree on housing growth numbers and that the duty to co-operate had now become a duty to agree. The inspector had pointed out that authorities had to understand the needs of the whole sub-region rather than just their own needs. The Portfolio Holder reassured the Committee that this Council's housing growth numbers were considered to be robust and advised Members of efforts made by the Leader of the Council to move things along with neighbouring authorities, including two meetings to date with his counterparts from other councils. The Committee was assured that there was a paper trail of this Council's endeavours.

Responding to Members' questions, the Portfolio Holder and Development Services Manager stated that the Council was not "evidence light" and that the Council's Barrister had reiterated their belief that this Council's approach was sound.

The meeting went on to discuss other elements of the risk register. With regard to a strategy for gypsies and travellers, the Portfolio Holder confirmed that a separate document would detail the Council's approach, but that there would be a clear commitment to the same, including criteria, in the local plan. While the Council had a duty to cooperate with its neighbours, this was not an excuse not to make provision for gypsies and travellers – the Council could share sites with its neighbours, but nevertheless had to be self-sufficient in its approach.

Responding to a point raised by a Councillor, the Development Policy Manager agreed to add "loss of key personnel" to the risk register.

With regard to the risk described as "Strategic uncertainty: failure to agree the level of growth", the Portfolio Holder confirmed that this had been identified as a potential problem, but that it was not an existing problem.

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

The Committee noted that the local plan had been delayed, but also recognised that the time was being used constructively, that members of the public were being offered an additional opportunity to comment on proposals and thus gave the Council more opportunity to refine the plan. The Council meeting on 4 June 2013 would be presented with a refocused consultation which reflected issues relating to gypsies and travellers, rural areas and the Gateway application, among other things.

The Portfolio Holder confirmed that extra resources would be sought if they were needed, but that currently this was unnecessary and the local plan was within budget.

Members made a plea that dates of any additional meetings relating to the local plan be published as soon as possible.

The Portfolio Holder and Development Policy Manager were thanked for attending the meeting, for the report and presentation and for responding to questions.

(Councillor Williams joined the meeting during the course of this item.  
Councillor Caborn left the meeting at the conclusion of this item)

### **150. EVENT EXPERIMENT - UPDATE**

The Committee received a report from Cultural Services and Development Services which summarised a new approach to the management of events which had been proposed as an experiment in June 2012 and had been jointly overseen by these two Council services.

The Portfolio Holder for, and Head of, Cultural Services attended the meeting to present the report.

After numerous staff and structural changes over the past decade, the management of events at Warwick District Council had become fragmented and inconsistent, resulting in the event experiment proposed in 2012. This new trial approach had allowed learning and improvements to take place from which a revised permanent approach would be developed.

The experiment had given the teams involved the opportunity to work together to develop a structured approach which could be consistently applied to all events to an appropriate degree. It was proposed that this be continued and developed further as necessary.

The result was an approach which was proportionate to the level of complexity, risk and nature of the event planned. The development of this expertise within the Events Team was a valuable and essential asset for the Council in discharging its duties effectively. It was therefore proposed that this approach continue.

From an Economic Development and Town Centre Management perspective, the events experiment had added a significant level of robustness both in terms of staff resources and also processes that followed the "Purple Book" for safe events management. It had also increased the

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

capacity of the town centre team to deliver “non-event” workload during heavy event periods. The events that had taken place since the experiment began had been delivered professionally & successfully.

A restructure of Development Services had delivered a greater ability to focus on the economic impacts of events. In the past, pressure to deliver an event meant that the impact of events had been inadequately measured and business promotion opportunities were not fully exploited, meaning that sometimes events had not generated the longer term impacts that the Council had desired. Examples of how this would work better in the new structure included better data gathering from event attendees for cross marketing and promotion purposes and encouraging businesses to offer event attendees incentives to return, and being able to measure the success of this.

For District Council and Town Centre Events, an expert events officer would work hand in hand with a Town Centre Development Officer to deliver events that added value to the towns.

An additional document was circulated at the meeting which detailed the income generated by recent events. The Olympic Torch relay planning document was seen as a gold standard to aspire to in delivering future events.

Responding to questions, the Head of Cultural Services stated that because the Mop was such a complicated event, it had been delivered as a partnership between the Town Centre Manager and Events Officers, an approach which reduced the risk but increased opportunities for learning. The Portfolio Holder added that he had attended the Runaway Mop, observed the events team at work for the first time and felt that they had done an excellent job, taking the event very seriously.

Members felt that the new approach as presented to the Committee was a significant step forward for the Council and thanked the Head of Cultural Services, the Portfolio Holder and all of the officers involved.

**RESOLVED** that the report be noted.

(Councillor Pratt left the meeting during the course of this item and Councillor Cross left at the conclusion of the item)

### **151. INTERNAL AUDIT STRATEGY AND PLAN 2013/14 – 2015/16**

The Committee received a report from Finance presenting the Internal Audit Strategy and Plan 2013/14 – 2015/16 for consideration and approval.

The Audit and Risk Manager presented the report, setting out the proposed strategy for the next three years. The Internal Audit Strategy and Plan was a rolling document and an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

Responding to questions, the Audit and Risk Manager reported that a number of planned individual reviews in relation to IT had been listed as “to

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

be determined” because Internal Audit had been waiting on advice, which had now been received.

Members were pleased that climate change had been picked up as a risk to be audited.

The Audit and Risk Manager was thanked for his report.

**RESOLVED** that the Internal Audit Strategy and Plan for the period 2013/14 to 2015/16 be approved.

### **152. INTERNAL AUDIT QUARTER 3 2012/13 PROGRESS REPORT**

The Committee received a report from the Audit and Risk Manager detailing progress in achieving the Internal Audit Plan 2012/13, summarising audit work completed in the third quarter and providing assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

Members had a responsibility for corporate governance, of which internal audit formed a key part.

Members expressed concern that, despite several reminders, two sets of responses to audit reports were outstanding from managers in Development Services. This was detailed in paragraphs 10.3 and 11.3 of the report and related to two recommendations in the Corporate Property and Portfolio Management audit of 31 December 2012 and the state of implementation of recommendations contained in the IT Business Applications: Acolaid audit of 24 January 2012.

Although responses had been received since the agenda for this meeting had been produced and were circulated at the meeting, the Committee expressed dissatisfaction at the situation. While Members accepted that there may have been circumstances that contributed to a late response, the Committee nevertheless expected timely responses and expected this to be the case in future. It was agreed that the Committee’s dissatisfaction on this matter should be brought to the attention of the Chief Executive and Deputy Chief Executive (AJ) and that they should be asked to write to the head of the service in question relaying the Committee’s displeasure and ensuring that there be no repetition.

The Audit and Risk Manager summarised the main issues relating to two cases which had been given less than a substantial level of assurance during the quarter. At the request of the Chief Executive, he also drew the Committee’s attention to an update on page 44 of the report in respect of unsecured content on one of the Council’s computer drives. While this issue remained outstanding, due to it requiring the input of all service areas, the Committee was informed that this issue was being dealt with. Members expressed concern that the issue remained outstanding and requested a further update.

Members felt that the report before them underlined the importance of Internal Audit and thanked the Audit and Risk Manager for the report.

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

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

### **153. 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 three items, by reason of the likely disclosure of exempt information within paragraphs 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

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

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 13 March 2013.

#### Urgent Item – Potential strategic land acquisition in Leamington Spa

The Committee accepted the reasoning behind the proposed land acquisition, discussed the potential financial commitment required of the Council and supported the recommendations in the report.

#### Item Number 12 – Staffing Reviews

While the Committee was minded to support the recommendations in the report, some concerns were raised over what paragraph 5.6 implied and, not being sure of the paragraph's meaning, the Committee requested further clarification.

(Councillor Mrs Sawdon left the meeting during the course of this item.)

### **155. COMMENTS FROM THE EXECUTIVE**

A report from Civic and Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 13 February 2013.

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

### **156. MINUTES**

The minutes of the meeting held on 12 February 2013, including the confidential minutes, were taken as read and signed by the Chair as a correct record.

### **157. 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 13 March 2013.

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

### Item Number 4 – Codes of Financial and Procurement Practice

The Committee supported the recommendations in the report but suggested that paragraph 7.2 should include faster payments as many cash transfers were now required to be carried out on the same day and therefore BACS was no longer supported.

### Item Number 5 – Discretionary Housing Payment Policy

The Committee supported the recommendations in the report.

## **158. FORWARD PLAN**

The Committee considered a report from Civic and Committee 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.

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 Members wished to have an input into before the Executive make their decision, at present.

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

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

**RESOLVED** that the work programme for 2012/13 be noted.

(The meeting ended at 8.30 pm)