

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 10 July 2012 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair): Councillors Barrott, Cross, Ms De-Lara-Bond, MacKay, Mrs Mellor, Pittarello, Pratt, Rhead, Mrs Sawdon and Williams.

ALSO PRESENT: Councillors Coker and Mobbs (Portfolio Holders).

Apologies for absence were received from Councillors Dagg and Mrs Syson.

31. **SUBSTITUTES**

Councillor Rhead substituted for Councillor Dagg and Councillor Ms De-Lara-Bond substituted for Councillor Mrs Syson.

32. **DECLARATIONS OF INTEREST**

Minute 43 – Executive Agenda (Non Confidential Items and Reports) – Executive Item 9 – Neighbourhood Planning

Councillor Rhead declared a personal interest because he was a Parish Councillor.

33. **MINUTES**

The minutes of the meeting held on 19 June 2012 were taken as read and signed by the Chair as a correct record.

34. **REVIEW OF ENVIRONMENTAL SERVICES RISK REGISTER**

A report from Finance set out the process for review by the Committee of the Environmental Services Risk Register. The Audit & Risk Manager introduced the report, part of a series of reviews of service areas' risk registers that were being carried out over a two year period.

The report asked the Scrutiny Committee to review the register and make any necessary observations on it as appropriate. This process enabled members to fulfil their role in managing risk, which was detailed more in section 7 of the report.

Members sought assurance that the service had carried out the necessary procedures to identify risk, had scored risks appropriately and understood the risks it faced.

Councillor Michael Coker, Portfolio Holder, responded by saying that the majority of risks the Service faced were moderate. He believed the highest risk would be loss of staff – either through sickness or loss of expertise – as

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the service relied a great deal on inspections and other work carried out by qualified professionals.

The Head of Environmental Services summarised the processes and consultation the Service had undertaken in order to mitigate risk. He felt that the service had a thorough understanding of the key service risks and how these related to service delivery. The Audit and Risk Manager also outlined how risk registers had originally been introduced within the organisation. He recognised that it might be timely to commission an expert, as had been done some years previously, from outside the organisation to run a series of workshops in order to assist services to review their risk registers from a fresh perspective.

Members of the Committee expressed some concern that the risks on the register were rather generic and that there was little information to reassure them that risk was being managed effectively. There appeared to be no risks on the register that were specific to this service. Members asked questions in relation to a number of items, including why legal services was still on the register, what "driving for work" referred to, loss of accommodation, health and safety, training relating to the assessment of supervisory effectiveness and risk mitigation in respect of home working. Suggestions were also made as to specific items that the register could cover: for example, the service's responsibilities should anybody be harmed by a dog on Council property.

The Head of Environmental Services agreed that the risks identified were generic, but pointed out that the responses and application varied from service to service and was detailed under the mitigations and controls section of the register.

There followed a discussion over the level of detail which this and other service registers should include. The Head of Environmental Services and Portfolio Holder believed the document to be pitched at a high level overall and questioned whether the Committee was expecting the authority to corporately pitch it lower in order to pick out specific risks and identify actions. They talked about the service having an approach to certain risks, rather than specific actions. Members expressed concerns that there was no evidence that the service understood or had identified mitigation to its risk and over what priority risk was given in such a busy department. The Portfolio Holder responded that the service did have a good understanding of risk, was managed well and endeavoured to improve wherever it could.

The Audit & Risk Manager addressed the Committee and said that if the register was seen to be too generic, he needed to take responsibility for that. He pointed out that, when service risk registers had been reviewed in the past by the officers' Risk Management Group, a common criticism had been that generic risks such as 'loss of key staff' and 'IT failure' had not been included uniformly in all service risk registers. It was possible that some services had acted on this, over-compensated and their registers had become too generic and not sufficiently service-specific. The Audit & Risk Manager stressed, however, that the process was an evolutionary one with lessons being learned as the reviews progressed. In moving forward, he would require services to differentiate between service-specific and generic risks and to include more detail. Councillor Rhead asked whether this

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would be accommodated for the next risk register review in October and the Audit & Risk Manager replied that it would.

The Chair thanked the Portfolio Holder and officers for their report and for attending the meeting.

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

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

35. NEWBOLD COMYN LEISURE CENTRE CASHIER FRAUD INVESTIGATION

The Head of Cultural Services presented a report to Members concerning a case of fraud within a leisure centre which had recently been investigated.

Members had a responsibility for corporate governance, of which internal audit formed a key part. The report before the Committee was primarily concerned with the controls that should be in place. The Committee noted that, whilst there had been a loss to the Council, it was undoubtedly small and could be sustained within existing budgets.

Members were pleased to note that, in responding to the concerns first raised by a member of the public, staff had acted in a positive and professional way and had thanked the customer for bringing the issue to light.

The Head of Cultural Services responded to Members' questions on points of detail and expressed an intention to carry out more work with Internal Audit in order to improve the information gathered from ticketed receipts.

RESOLVED that the report be noted and its contents accepted.

36. 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 11 July 2012.

Item Number 10B – Significant Business Risk Register

The Committee supported the recommendations in the report and suggested that, to make the register a more active document, it would be helpful if any changes from the period of one report to the next could be noted - such as risks being lowered, increased, or even dropped from the register.

Responding to questions about why the percentage of completed staff appraisals was no longer reported to this Committee, Officers pointed out that it was the Employment Committee's responsibility to consider this information and assured Members that the information was presented to that Committee on a regular basis.

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37. ANTI FRAUD AND CORRUPTION PROGRESS REPORT

The Senior Internal Auditor presented a report which detailed progress against the 2011/2012 action plan and presented the 2012/2013 action plan.

The Anti Fraud and Corruption Strategy had first been introduced in 1995. In September 2005 the Executive had agreed that the Strategy should be reviewed annually and an action plan formulated to help deliver its objectives. This demonstrated publicly the Council's zero tolerance approach to fraud and corruption, whilst also contributing to improving the control environment, raising awareness on fraud and corruption issues and the prevention and detection of fraud and corruption.

The Committee was advised that the report only highlighted items where there had been changes since the previous report and that, on this occasion, there were 3 items to be reported. The Committee noted the action plan for the forthcoming year.

Members were concerned that they had not seen a fraud policy and strategy for Housing Tax Benefit, referenced by both this report and the National Fraud Initiative report. Officers advised the Committee that the Anti Fraud & Corruption Strategy effectively acted as an umbrella document for the Housing Tax Benefit policy and strategy, but agreed to add the latter to the work programme and present it to the Committee in September 2012.

The Senior Internal Auditor responded to Members' questions relating to corporate governance and checks on sub-letting by tenants.

The Committee thanked the Senior Internal Auditor for his report.

RESOLVED that

- (1) the report and its contents, in particular the progress being made in implementing the action plan for 2011/2012, be noted; and
- (2) the updated action plan for 2012/2013 be approved.

(Councillors Cross and Pratt left the meeting during the course of this item)

38. NATIONAL FRAUD INITIATIVE

A report from Finance presented to Members: the main points from the Audit Commission's National Fraud Initiative (NFI) Report 2012 and associated Council Members' Briefing document; final outcomes of the Council's investigations into the data matches from the 2010/11 NFI programme; and the findings from self-assessment of the Council's NFI arrangements against the checklist contained in the Members' Briefing and proposed actions to address any remaining gaps arising.

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The Council had a statutory obligation to participate in the National Fraud Initiative and this obligation was expected to continue after the planned abolition of the Audit Commission.

The Initiative was a rolling data-matching exercise which required the participation of all audited bodies under the Audit Commission's remit. The Audit Commission actively monitored progress at each authority.

The Committee noted that the new checklist effectively reiterated the previous one but with structural change and new questions added. It was felt that now was an appropriate time to re-assess the Council's NFI arrangements in light of the enhanced checklist and the final outcomes from the latest round of NFI matches.

RESOLVED that the contents of the Council Members' Briefing, the findings from the self-assessment and the proposed actions from the self-assessment be noted.

39. STATEMENT OF ACCOUNTS 2011/12

The Committee received a report presenting the draft Statement of Accounts 2011/12, which was subject to audit up until 30 September 2012.

The accounts had been closed in respect of the financial year 2011/12 and the outturn duly reported to the Executive in June. The Audited Statement of Accounts would be presented to this Committee and Council in September for formal approval.

As part of corporate governance, Members had an important role in overseeing the framework of internal control of the Council. Although the Statements were still subject to audit, it was considered helpful to Members to get an early sight of them.

The Head of Finance drew attention to key points in the document and outlined specific changes, those being in relation to heritage assets and a significant amount of debt which the Council had taken on. The Committee was reassured that the authority's total reserves had not decreased significantly, despite the debt.

Further to a question raised at the previous meeting in respect of electricity meters at Newbold Comyn Golf Course, Members noted that recharges which should have been carried out had been neglected but that this was being addressed and that a reduction in charges to the Council had been negotiated due to an error beyond the authority's control.

The Head of Finance was thanked for his report.

RESOLVED that the pre-audit Statements and the explanations of the major adverse variances be noted.

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40. 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 20 June 2012.

RESOLVED that the contents of the report be noted.

41. 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.

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.

Members noted that the 'Amendments to the Code of Financial Practice' item listed for July would be presented to the Executive in the autumn.

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

42. REVIEW OF THE WORK PROGRAMME

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

Presentation of the fraud policy and strategy for Housing Tax Benefit was added to the work programme for the September 2012 meeting.

RESOLVED that the work plan for 2012/13 be noted.

43. 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 11 July 2012.

Item Number 5 – Council Tax Support

The Committee was concerned that taking the scheme forward would be difficult, but felt that the proposed approach was the right one and supported the recommendations in the report.

It was suggested that in order to reach the most vulnerable people to be affected by the changes, the consultation information should be circulated in the next issue of 'Home News'.

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Members wanted assurance that both Warwickshire County Council and the Police would carry a fair share of the work load, particularly in respect of council tax collection after 2012/13, and asked the Executive to pursue this further with those authorities.

Item Number 6 – Business Rates Retention

The Committee was keen to know how the scheme would work in practice, but noted that governance arrangements had yet to be finalised. Members were optimistic that the scheme would benefit Warwick District, given that the authority was doing well in comparison to many others, but recognised there could be significant problems if government set the bar in the wrong place. The Committee supported the recommendations in the report.

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

Item Number 9 – Neighbourhood Planning

The Committee looked specifically at recommendations 2.3 and 2.6 and supported the recommendations in the report.

44. 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 paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

45. 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 11 July 2012.

Item Number 12 – Purchase of Property in Kenilworth

The Committee supported the recommendations in the report.

Item Number 14 – Old Art Gallery

The Committee supported the recommendations in the report.

Item Number 15 – Legal Support for the Local Plan

The Committee supported the recommendations in the report.

(The meeting ended at 8.05 pm)