

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 5 April 2016 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors Barrott (Chair), Butler, Cain, Day, Harrington, Illingworth, Mann, Quinney and Thompson.

Also present: Councillors Cross, Gallagher, Mobbs and Whiting

129. **Apologies and Substitutes**

Apologies for absence were received from Councillors Heath and Gifford and Councillor Cain substituted for Councillor Rhead.

130. **Declarations of Interest**

There were no declarations of interest.

131. **Minutes**

The minutes of the Finance & Audit Scrutiny Committee of 8 March 2016 were not available and would follow on the next month's agenda.

132. **Executive Agenda (Non Confidential Items & Reports – Wednesday 6 April 2016)**

Agenda Item 3 – Codes of Procurement Practice

The Committee supported the recommendation in the report subject to minor amendments to the wording in paragraphs 3.2 and 10.10.

133. **External Audit Reports**

The Committee received a report from the Council's External Auditors, Grant Thornton, which detailed the following two items for the Committee's consideration:

- Informing the audit risk assessment for Warwick District Council; and
- The Audit Plan for Warwick District Council year ended 31 March 2016.

The Audit Plan for the 2015/16 audit included details of the approach to be followed in carrying out the audit, and also some of the key risks that would be considered.

In planning and performing the audit of the financial statements, the auditors needed to understand how the Finance & Audit Scrutiny Committee, as "those charged with governance", supported by the Council's officers, met its responsibilities in the following areas:-

- fraud
- laws and regulations
- going concern
- accounting for estimates
- related party transactions.

The accompanying external auditor's report, "Informing the audit risk assessment", summarised 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 report also reminded Members that the current appointment of Grant Thornton was due to end in 2017/18 and the auditors would complete all the work on the 2017/18 Accounts and associated documents. New auditors would need to be appointed ahead of 2018/19, ideally the end of 2017. There were various Regulations on how these appointments were made and the Local Government Association was endeavouring to take the lead in setting up a framework from where local authorities could make their appointment. In addition, the Warwickshire Chief Finance Officers were considering how this appointment should be made, and whether a collaborative appointment would provide best value. This was due to be progressed during 2016/17 as part of the Finance Service Area Plan and the Committee would be updated as plans progressed.

Mr Gregory and Ms Lillington attended the meeting and outlined the report and answered questions from Members. They presented the salient points of the report and signposted Members to the relevant risks identified, mainly being the Council's financial position.

Following a question from the Chair, Ms Lillington advised that they were still waiting to resolve the objections to the 2013/14 accounts which related to an outstanding legal case. Officers hoped that this would be resolved shortly.

Resolved that the report is noted and its contents accepted.

134. **Executive Agenda (Non Confidential Items & Reports – Wednesday 6 April 2016)**

Agenda Item 4 – Whitnash Community Hub Update and Next Steps

The Committee supported the recommendations but proposed that the words 'up to' be inserted in recommendation 2.7.

It was suggested that approval should be subject to a suitable partnership arrangement being in place and therefore made the following recommendation:

"That the Executive agrees that DCX (AJ) continues to work with members of Whitnash Town Council and Whitnash Sports and Social Club (if applicable), and officers at WCC on the production of a viable scheme and

thereby gives its support to the development of a Community Hub for Whitnash subject to appropriate partnership agreements being agreed with the parties and Whitnash Town Council undertaking the project sponsorship role.”

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 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.

136. **Executive Agenda (Confidential Items & Reports – Wednesday 6 April 2016)**

Agenda Item 15 – Customer Contact Role Review

The Committee supported the recommendations.

137. **Executive Agenda (Non Confidential Items & Reports – Wednesday 6 April 2016)**

Agenda Item 6 – Proposed Public Consultation on a Masterplan for St Mary’s Lands, Warwick

The Committee supported the recommendations in the report and thanked all officers involved in bringing the project forward to this stage.

Agenda Item 10 – Replacement of motors and lighting dimmers – Royal Spa Centre

The Committee supported the recommendations.

Agenda Item 12B – Significant Business Risk Register

The Committee supported the recommendations.

Agenda Item 8 – Review of Staff Terms and Conditions

The Committee supported the recommendations.

Agenda Item 11 – Prosperity Agenda (+ the confidential appendix at Item 14)

The Committee supported the recommendations and noted the appendix.

138. **Review of Finance Risk Register**

The Committee received a report from Finance which presented the service area's Risk Register and asked Members to make observations on it as appropriate.

The Finance Risk Register was part of the Council's corporate risk management framework. The Register reflected the Council's corporate priorities and key strategic projects that were contained in Fit for the Future and the risk register was attached as an appendix to the report.

The report advised that the register had been updated in the last few weeks and a summary table was also included to help officers manage their key risks more closely. The summary table was set out as Appendix 1B to the report.

The report explained that the risk register was owned and maintained by the Finance Portfolio Holder & the Finance Management Team. Risks were reviewed at 4-weekly Finance Management Team meetings and with the Portfolio Holder at quarterly meetings.

The Risk Register included the significant business risks across the service; some of these were common across the service and others, given the broad range of services, were specific to a particular part of the service. Sitting beneath this Risk Register was a series of detailed risk assessments within each part of the service that identified the day-to-day risks which exist within the service. In general terms these were health & safety risks relevant to the type of service being provided. There were also the Service Area Crisis Plan and Business Continuity Plans which addressed emergency situations.

The three main risks with the service that had been considered were the loss of IT, loss or shortage of staff and the inaccurate medium term financial plans.

The Head of Finance introduced the report, highlighted the salient points and answered questions from the Committee. Following a question relating to the lack of named officers attached to the risks, Members were reminded that the risk owner was the Head of Service and the Portfolio Holder. The Audit and Risk Manager advised that a responsible officer would only be allocated to a risk when there was a required action.

Members noted the report and hoped it would be possible to see the actions being put in place to reduce the risks that were creeping towards the 'red'.

Resolved that the Finance Risk Register attached at Appendix 1A is noted.

(Councillor Cain left the meeting during this item)

139. **Internal Audit Strategic Plan 2016/17 – 2018/19 and Internal Audit Charter**

The Committee received a report from Finance which presented the Internal Audit Strategic Plan 2016/17 – 2018/19 and the Internal Audit Charter for consideration and approval.

The Internal Audit Strategic Plan was an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties and the compilation of the Internal Audit Charter was a requirement of the Public Sector Internal Audit Standards.

Internal Audit provided an independent opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It examined, evaluated and reported on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

The Internal Audit Strategic Plan 2016/17 to 2018/19, comprising the planned reviews over this period, was set out as the first Appendix to this report. The Audit Plan was organised as follows:

- Risk-based coverage
- Coverage for external audit reliance or to meet regulatory requirements
- Other internal audit coverage

The audits set out in the first year of the Plan were carried out throughout the year with timings (start dates) agreed with managers on individual audits, usually at the beginning of the year.

The Audit and Risk Manager presented the report and advised Members that 35 audits had been completed last year with more complex audits, such as IT, being completed by outside contractors.

Following a question from Councillor Butler, the Audit and Risk Manager advised that the data relating to past audits, such as Leisure Centres, S106 and Treasury Management, could be provided in future if Members wished.

Resolved that the Internal Audit Strategic Plan 2016/17 – 2018/19 and the Internal Audit Charter are approved.

140. **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 reminded Members that the work programme only covered March and April 2016 and suggested that they may wish to contact her if there were any other items they wanted to add.

An updated version of the Forward Plan was also circulated because the document supplied with the meeting papers had since been amended.

Councillor Butler provided an update on the meetings that had taken place, following on from the queries he had raised relating to the recent Elections Audit. An email addressing his queries and the subsequent responses, which Councillor Butler was satisfied with, was circulated for information at the meeting.

Members queried whether they should have sight of every audit report produced or if appointing champions to receive the audits and report back, would be an alternative option.

The Chair agreed that he would discuss the Committee's suggestions with CMT and provide a response in due course.

Resolved that the work programme be noted.

141. **End of Term Report 2015/16**

The Committee considered the end of term report on the work the Committee had undertaken during the 2015/16 municipal year.

Under Article 6 of the Council's Constitution, Overview and Scrutiny Committees and Policy Committees were required to provide an end of term report to the Council on work they have undertaken during the year.

Appendix 1 to the report listed all of the items considered by the Finance & Audit Scrutiny Committee during 2015/16, which Members agreed was an extensive list.

Members noted that the report would be updated to include the items considered at the meeting prior to it being presented to Council.

Resolved that the report be noted.

142. **Comments from the Executive**

A report from Democratic Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 9 March 2016.

Resolved that the contents of the report be noted.

Prior to the conclusion of the meeting, the Chairman took the opportunity to thank everyone for their efforts over the past twelve months.

Councillor Barrott recognised the good work that the committee had done and thanked all officers involved in facilitating the meeting especially the lead officer, the Head of Finance.

(The meeting ended at 8.55 pm)