

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 31 May 2017 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors Barrott, Davies, Gallagher, Gifford, Illingworth, Margrave, Noone, Mrs Stevens and Quinney.

Also present: Councillors Coker, Mobbs and Whiting.

1. Apologies and Substitutes

- (a) There were no apologies.
- (b) Councillor Mrs Stevens substituted for Councillor Cain.

2. Appointment of Chair

It was moved by Councillor Gifford and duly seconded that Councillor Barrott be appointed Chairman of Finance and Audit Scrutiny Committee.

Resolved that Councillor Barrott be appointed Chair of Finance & Audit Scrutiny Committee for the 2017/18 municipal year.

The newly appointed Chairman welcomed all new Members to the Committee and thanked Councillor Quinney for his chairmanship over the past year. Councillor Barrott also extended the Committee's thanks to Councillor Rhead who, having been appointed Portfolio Holder for Development Services, was no longer on the Committee after ten years membership. Councillor Barrott stated that he would be sorely missed but Members would look forward to Councillor Rhead attending the meeting in his capacity as Portfolio Holder.

3. Declarations of Interest

There were no declarations of interest.

4. Minutes

The minutes of the meeting held on 7 March 2017 were agreed with the following amendment:

Minute Number 120 – Internal Audit Quarter 3 2016/17 Progress Report

The eighth paragraph of this minute, detailed on page 7 of the report should have read "The report advised that late changes had been made to the Audit Plan by virtue of the two audits in Housing and Property Services being postponed at the behest of the Deputy Chief Executive (BH). The Energy Management and Warwick Plant Maintenance audits had been replaced by audits of Lettings & Void Control and Planning Policy".

The minutes of the meeting held on 4 April 2017 were agreed with an amendment to one of Grant Thornton's representative's names, Ms Lillington.

5. **Minutes of Joint Finance & Audit and Overview & Scrutiny meeting**

The minutes of the meeting held on 11 April 2017 were agreed and signed by the Chairman as a correct record.

6. **Executive Agenda (Non-Confidential Items & Reports – Thursday 1 June 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Thursday 1 June 2017.

Item 5 – Update of Indoor Sports Facilities and Playing Pitch Strategies

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Concerns were raised about the lack of competition in that specific market.

7. **Internal Audit Quarter 4 2016/17 Progress Report**

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2016/17, 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 report outlined the role and responsibilities of audit committees and explained that to help fulfil these responsibilities, they should review summary internal audit reports and the main issues arising, seeking assurance that action had been taken when necessary. The type and content of the reports Members should receive from internal audit was summarised in Appendix 1 to the report.

Members noted that each audit report gave an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands were detailed at paragraph 10.2 of the report.

The report advised that seventeen audits had been completed in the final quarter of 2016/17 and Members were provided with access to the full reports via a hyperlink. The action plans accompanying all Internal Audit reports issued in the quarter were set out at Appendix 3 to the report and 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 the audit reports issued during the quarter in question. One of the audits completed during the quarter was awarded a lower than substantial assurance opinion. The audit was 'Building Control' and, in line with procedure, the report relating to this audit was set out as Appendix 4 to the report for specific scrutiny.

The Audit and Risk Manager outlined the report and advised that, with reference to the Building Control audit, all recommendations had been accepted and an action plan was featured at pages 17 to 19 of the report.

Members noted that only two of the 37 audits undertaken had not received a substantial rating and the Committee felt that credit should be given to the Internal Audit team for its work with officers in achieving this.

The Committee therefore

Resolved that the report be noted.

8. **Annual Governance Statement Action Plan 2016/17: Review of Progress**

The Committee received a report from Finance which reviewed the progress that was being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2015/16. The appendix accompanying the report set out the progress in addressing the Significant Governance Issues.

The Annual Governance Statement described governance arrangements relating to the Council's corporate priorities and key strategic projects that were reflected in Fit for the Future. The Fit for the Future programme was also based on an agreed set of values amongst which were the ones of openness and honesty. This was integral to the consideration of governance in an organisation; governance issues needed to be discussed and debated and mitigations put in place in order to prevent or rectify weaknesses.

Members were asked to review the Action Plan set out in the appendix to the report and confirm whether they were satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2015/16.

The Audit and Risk Manager introduced the report and sign-posted Members to the Action Plan from last year's Annual Governance Statement. He reminded Members that the subject of the Call-In Process was due to be agreed at Council in June 2017.

The Committee therefore

Resolved that the report be noted and was satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2015/16.

9. **Annual Governance Statement 2016/17**

The Committee received a report from Finance which set out an Annual Governance Statement for 2016/17 describing the governance arrangements that were in place during the financial year. The Statement would be signed by the Chief Executive and the Leader of the Council and accompanied the Council's Statement of Accounts, approved by Full

Council. The Annual Governance Statement 2016/17 was set out at Appendix A to the report.

An action plan to improve governance formed part of the Statement and the actions would be addressed by management in line with an agreed timetable. Progress in achieving these actions would be reported to Members quarterly.

The report reminded Members that the production of an Annual Governance Statement was a statutory requirement for local authorities and section 8.2 of the report provided further details in relation to The Accounts and Audit (England) Regulations 2015.

An explanation was also given regarding the process for completion of the Annual Governance Statement in accordance with the framework and guidance from CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives).

The Audit and Risk Manager introduced the report and advised that this had been a statutory requirement for all Local Authorities for approximately the past fifteen years. He advised that officers had taken the opportunity to re-write the document which had resulted in a more concise version.

Members noted that two governance issues had been identified on page 12 of the report. These related to the lessons learned corporately from the Electrical Maintenance Contract Procurement and the requirement to update the Council's Local Code of Corporate Governance in light of recently revised CIPFA/SOLACE guidance.

The Committee therefore

Resolved that the Annual Governance Statement for 2016/17 for Warwick District Council is approved, as set out at Appendix A to the report.

10. **Internal Audit Annual Report 2016/17**

The Committee received a report from Finance which presented a summary of the internal work undertaken during 2016/17 and provided a conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This report formed part of the evidence for the Annual Governance Statement.

The report advised that The Public Sector Internal Audit Standards stated:
The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- *the opinion;*



- *a summary of the work that supports the opinion; and*
- *a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.*

The Annual Report was set out at Appendix 1 to the report.

Members noted that page 6 of the report referred to "a number of reports" which had received a less than substantial rating. It was felt that this was not a true reflection of the situation because there had only been two reports that had received this rating.

Members were mindful that there were still some real issues that needed addressing including the Golf Course contract and Kudos contract.

Following some discussion, the Committee

Resolved that the report be noted having considered the Annual Report of Internal Audit for the year ended 31 March 2017 as part of its consideration and approval of the Annual Governance Statement 2016/17.

11. **Urgent Item – Procurement Champions**

At the request of the Chairman, the Committee considered an urgent item regarding the nominations for Procurement Champions.

Councillor Barrott advised that the following four Councillors had been proposed as Procurement Champions at Annual Council on 10 May 2017:

Councillor Barrott;
Councillor Gifford;
Councillor Quinney; and
Councillor Rhead.

The Committee agreed that the nominations be agreed as written.

Resolved that Councillors Barrott, Gifford, Quinney and Rhead be confirmed as Procurement Champions for the municipal year 2017-2018.

12. **Executive Agenda (Non-Confidential Items & Reports – Thursday 1 June 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Thursday 1 June 2017.

Item 3 – Fit for the Future Change Programme

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



Item 6 – Abbey Fields Footpath Improvements – Feasibility Study

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

13. Comments from the Executive

The Committee considered a report from Democratic Services which summarised the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 5 April 2017.

Resolved that the report be noted.

14. Review of the Work Programme & Forward Plan

The Committee considered its Work Programme for 2017/2018 and the Forward Plan.

A revised work programme was circulated at the meeting and officers highlighted the following additions and amendments:

Anti-Fraud & Corporate Strategy Review to 25 July 2017;
Annual Risk Management report to 30 August 2017;
Procurement Half Year Update to 26 September 2017;
National Fraud Initiative Update to 31 October 2017;
Update on Corporate Fraud Team to 31 October 2017;
Chief Executive's Contracts Register to 3 January 2018;
Service Risk Register Review (Cultural Services) to 6 February 2018;
Health & Community Protection – Contracts Register to 4 April 2018; and
Service Risk Register Review (Neighbourhood Services) to 30 May 2018.

Members were also signposted to a timetable of the forthcoming Contracts Registers and Risk Register Reviews, covering the meetings up to 5 February 2019.

The Senior Committee Services Officer advised Members that further discussions were being held with other departments to ensure that the work programme remained up to date.

Resolved that the report be noted.

15. Public & 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 item 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.

16. **Confidential Minutes**

The Committee considered the minutes of the meeting held on 7 March 2017.

The full minute for this item would be included in the confidential minutes to the meeting.

(The meeting ended at 7.56pm)

Signature redacted

The minutes were signed on 25 July 2017