

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 12 January 2016 at the Town Hall, Royal Leamington Spa at 6.00pm.

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

Also present: Councillors Mobbs, Phillips and Whiting.

98. **Apologies and Substitutes**

- (a) there were no apologies for absence; and
- (b) there were no substitutes.

99. **Declarations of Interest**

Minute Number 102 – Health & Community Protection Risk Register

During the course of the item, Councillor Heath declared an interest because he held a hackney carriage/private hire driver's licence and one of the risks detailed related to WDC licence holders.

Minute Number 105 - Executive Agenda Item 4 – Housing Revenue Account (HRA) Budgets latest 2015/16 and Base 2016/17

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

Minute Number 105 - Executive Agenda Item 5 – Fees and Charges – Lifeline Services (non HRA customers)

Councillor Gifford declared an interest because he was a Warwickshire County Councillor and because he was a member of Dale Street Methodist Church which had links with Lifeline.

Minute Number 105 - Executive Agenda Item 14 – Housing Related Support Services

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

100. **Minutes**

The minutes of the Joint Finance & Audit and Overview & Scrutiny meeting and the Finance & Audit Scrutiny Committee of 1 December 2015 were taken as read and signed by the Chairman as correct records.

101. 2014/15 Annual Audit Letter and Grant Claims

The Committee received a report from External Auditors, Grant Thornton and the Council's Finance department which outlined comments on the

Council's Annual Audit Letter, which was attached as an appendix to the report.

The letter was the Council's External Auditor assessment of the Council, drawing on audit, inspection and performance assessment work, prepared by Grant Thornton.

In addition, the auditors had also completed two Grants audits, with both the Benefits Claim and the Pooling of Housing Capital Receipts audits being signed off as unqualified.

The Committee were asked to consider the letter and Grants audit and agree any further information required from either officers or the Council's auditors, if necessary.

Ms Lillington from Grant Thornton attended the meeting and outlined the report. She commended the Council on the Housing Benefits Claim audit being signed off as unqualified, which was an excellent outcome.

The report outlined key issues and made recommendations to improve the audit process in the future. Ms Lillington advised that meetings were due to take place shortly with her and officers to begin the process of condensing and de-cluttering the accounts. She also highlighted that Appendix C to the report was new and gave an overview of how the individual parties had worked together over the year.

In response to a question about the outstanding objections, Ms Lillington assured members that the situation was unaltered from the last report and they were waiting for the final legal outcome before being in a position to sign the accounts off.

Members felt that some of the past objections were issues that could have been dealt with by way of the complaints or ombudsman process. As a result, the Council had to endure cost implications and delays in signing off the accounts. Ms Lillington advised that some changes were on the horizon with the timescales for objections having been shortened to three to four weeks and auditors would have the ability to declare an objection as vexatious, if appropriate.

Members queried how the Committee would be advised that the recommendations detailed in Appendix A had been implemented and whether the timescales were realistic. Due to the nature of the work needed on the accounts, it was unlikely that the improvements would be noticeable until later in the year. However, Ms Lillington agreed to provide a comment on progress when the Audit Plan report was submitted in April 2016.

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Resolved that the Annual Audit Letter and Grants Audit be noted and the officers be thanked for their hard work in completing the accounts.

102. Health and Community Protection Risk Register

The Committee received a report from Health and Community Protection reviewing the service areas risk register which was attached as an appendix to the report.

This process enabled members to fulfil their role in managing risk as set out by the Audit Commission and explained in section 8 of the report.

The Committee was asked to review the register and make comment on it as appropriate.

The Head of Health and Community Protection presented the report along with the Regulatory Manager. The Committee noted that the Portfolio Holder, Councillor Grainger was unable to attend the meeting to discuss the report but was advised that she had emailed her comments to the Chairman.

Members discussed a number of the risks including GE3 and GD4 which related to Emergency Preparedness, monitoring of budgets, self-service and staff training.

Officers assured Members that the mitigation measures in place relating to the Staff Resources risk had now started to emerge with the Regulatory Manager's post being advertised internally in light of her successful appointment to the Head of Health and Community Protection post.

In relation to risk SR8, Legal challenge to fee setting, the Regulatory Manager explained that all District Council licence holders could challenge the fees set, at which stage the Council would need to be able to demonstrate that no profit or loss had been made for that service, over the past six years.

Members were advised that, if challenged successfully, all licence holders would be entitled to a refund, not just the individual that had challenged the fee setting. Officers had therefore, highlighted this as a significant risk to the Council.

Whilst the Council would be able to provide six years' worth of payments received, it would need substantial work to accurately identify the individual amounts.

The Committee congratulated the officers for a comprehensive risk register and used risk SR8 as an example as to how the Risk Register should work, by identifying and being in a position to take action before any potential claim was received.

Resolved that the Health and Community Protection risk register be noted.

**103. Executive Agenda (Non Confidential Items & Reports) –
Wednesday 13 January 2016**

Agenda Item 9 – Significant Business Risk Register

The Committee supported the report.

104. Risk Management Feedback to Zurich

The Audit and Risk Manager introduced Mr Penter from Zurich Insurance Ltd. The Committee had been made aware at the previous meeting that the Council's audit team were to be externally audited by Zurich.

As part of that process Mr Penter had been invited along to the meeting to observe the scrutiny committee in action as part of the audit and would include his observations in his final report.

The Audit & Risk Manager then put some questions to the Committee in relation to its audit work and Members fed back their experiences to Mr Penter.

In response to the questions "What do Members perceive their role to be in Risk Management?" and "How well do Committee Members do this?" quite a few of the newly elected Members felt that the risk registers had been a good mechanism which gave them confidence to understand their roles on the Committee.

Councillor Rhead reminded Members that it was the Finance and Audit Scrutiny Committee that initially brought risk management to the committee and helped to form a standard process for scrutinising it.

It was agreed that the risks that had been identified by the Health and Community Protection department in the previous item, was a good example of the risk register working. This enabled officers being able to identify the risk and put mitigation measures in place in a timely manner.

In addition, Members felt that the working relationship between them and officers allowed Councillors to actively contribute towards risk management.

Mr Penter thanked the Committee for its contributions and asked "is the Council delivering what the community requires and are the Risk Registers helping to deliver that?"

Members admitted that, prior to being elected, some of them had pre-conceived ideas about committee meetings but had been pleasantly surprised by the mature attitude taken by the Council about the risks being faced by the organisation. It was felt that there had been proper deliberation about issues and the risk registers were a helpful tool for such a large body of work.

Mr Penter advised that he would combine the Committee's comments, along with other parties' that he was due to speak to over the next few

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weeks. He envisaged that a report would be with the Audit team by early February 2016 and this would be fed back to Members in due course.

The Chairman thanked Mr Penter for attending.

105. Executive Agenda (Non Confidential Items & Reports) – Wednesday 13 January 2016

Agenda Item 13 – Electric Vehicles and Charging Infrastructure

The Committee supported the recommendations in the report.

Agenda Item 4 – Housing Revenue Account (HRA) Budgets latest 2015/16 and Base 2016/17

The Committee supported the recommendations in the report.

Agenda Item 5 – Fees and Charges – Lifeline Services (non HRA customers)

The Committee supported the recommendations in the report.

Agenda Item 14 – Housing Related Support Services

The Committee supported the recommendations in the report.

Urgent Report – Exemption from the Code of Procurement Practice

The Committee supported the recommendations in the report. The Committee raised concerns that another exemption had been submitted but noted that this was an inherited issue and lessons had been learned.

Agenda Item 6 – Car Park Fees & Charges 2016/17

The Committee supported the recommendations although this was carried on a split vote.

Some Members had strong concerns that the difference in charges between Kenilworth and the other towns was unfair to not only users of the car parks but the businesses in Leamington and Warwick as well. Members felt that this resulted in Leamington subsidising Kenilworth.

Conversely, some Members agreed that due to the level of research and statistics used to underpin the recommendations, the officers' advice should be followed and the report supported.

As a future measure, it was suggested that a Task & Finish Group could be set up to investigate car parking across the District and take on board the concerns being raised.

106. **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 1 December 2016.

Councillor Gifford noted that the Executive's response to the Digital Transformation report, submitted in December 2015, was not totally correct. He felt that the summary gave the wrong impression about what the Committee had asked for. Members noted that the Deputy Chief Executive (AJ) had provided assurances at the meeting with regard to the number of customers paying by cash or cheque.

However, the Committee had wanted to ensure that the transition was not inflexible and customers should not be turned away from paying for services.

The Chairman agreed to raise the issue with officers at the next opportunity.

Resolved that the contents of the report be noted.

107. **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.

Following some confusion as to which service area was due to submit either Risk Register reports or Contract Register reports, the Committee Services Officer agreed to incorporate these two rotas into future work programmes and inform all Service Area Managers and Portfolio Holders when their reports were being expected.

For information, the next Service Area to submit a risk register would be Finance in April 2016 with the Chief Executive's contract register due to be submitted in June 2016.

Members voiced their disappointment that the HRA Business Plan report had again slipped to March 2016 and highlighted that the Forward Plan needed updating as a result. Whilst Members were very sympathetic to the reasons behind the slippage, it was noted that these circumstances had highlighted a lack of resilience in some service areas.

Resolved that the work programme be updated accordingly.

(The meeting ended at 9.05 pm)