

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 15 April 2014 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Barrott (Chair): Councillors Mrs Bunker, MacKay, Mrs Mellor, Pittarello, Pratt, Rhead, Wilkinson, Williams and Wreford-Bush.

ALSO PRESENT: Councillor Mobbs (Leader of the Council and Portfolio Holder).

Apologies for absence were received from Councillors Mrs Knight, Mrs Sawdon and Mrs Syson.

The Committee received some good news in respect of Councillor Mrs Knight, who had returned home following an operation. Members asked that the Committee's best wishes be conveyed to her.

The Committee also noted that the Council's Chairman, Councillor Davies, who had fallen ill at the weekend, was conscious and cheerful. Members requested that their best wishes be conveyed to him also.

175. **SUBSTITUTES**

Councillor Wilkinson substituted for Councillor Mrs Knight and Councillor Wreford-Bush substituted for Councillor Mrs Syson.

176. **DECLARATIONS OF INTEREST**

Minute 183 – Executive Agenda (Confidential Items & Reports) – Executive item 10 – Fetherstone Court Development Scheme Update

Councillor Wilkinson declared an interest because the development was in his Ward.

Minute 183 – Executive Agenda (Confidential Items & Reports) – Executive item 11 – Racing Club Warwick & West Midlands Reserve Force & Cadets Association

Councillor Mrs Mellor declared an interest as a trustee of Racing Club, Warwick. After taking advice, Councillor Mrs Mellor agreed not to take part in discussing or voting on the item, and left the meeting for the duration of the item.

177. **MINUTES**

The minutes of the meetings held on 11 and 25 March 2014 were taken as read and signed by the Chair as a correct record.

Councillor Mrs Mellor asked that it be noted that she had not voted in favour of the transfer of Riverside House.

178. **SERVICE RISK REGISTER PRESENTATION: FINANCE**

The Committee received a report from Finance which set out the process for review of the Service's Risk Register.

Members noted that the Committee had previously considered the register in 2012 but that now it had looked at the registers for each Service, it was time to consider each one a second time.

The Portfolio Holder for Finance presented the latest version of the register, which was appended to the report. He stated that he had attended three meetings since Christmas, each lasting about three hours, at which the register had been considered in fine detail.

Responding to questions, the Portfolio Holder stated that no required actions had been detailed against some risks with a high impact or a high likelihood because actions had been addressed within the controls. The Portfolio Holder conceded that the register did not necessarily convey this to the Committee and agreed that he would consider trying to make it clearer in future, perhaps by marking risks with a statement such as "no further action required". However, he reiterated that he was comfortable with the report before the Committee because the register was a working document which was regularly and properly reviewed.

The Portfolio Holder and Head of Finance were thanked for their report.

RESOLVED that the report be noted and its contents accepted.

179. **EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 16 APRIL 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 16 April 2014.

Item 8a – Significant Business Risk Register

The Committee highlighted the risk of the local plan being unsound or delayed, and suggested that the potential for the local plan to be rejected by the Council was also a risk. Concern was expressed that movement against some risks within the register appeared to have worsened, with no apparent actions being attached to those risks. The Portfolio Holder assured the Committee that actions were considered on a regular basis, but agreed to ensure that actions were detailed more explicitly in future reports and to include more narrative about the movement of risks. The Committee noted the Portfolio Holder's commitment to raising the profile of the register and ensuring that it was properly discussed by the Corporate Management Team (CMT), and supported the recommendations in the report.

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

180. **INTERNAL AUDIT QUARTER 3 2013/14 PROGRESS REPORT**

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2013/14. The report summarised the audit work completed in the third quarter (October to December 2013) and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

The Audit and Risk Manager advised Members that all managers' reports had been received in respect of the quarter, as had details of the state of implementation of recommendations made by Internal Audit in the previous quarter.

Members noted that twenty audit reports had been completed during 2013/14 within the first three quarters of the year, including seven completed within the third quarter. Of those seven, one report had been awarded a less than substantial assurance, that being in relation to Climate Change. Recommendations had been made to address this and were detailed in Appendix 4 to the report. In the past there had been no strategy within Warwick District on Climate Change, a low corporate profile and a lack of progress, which was now being addressed. The authority was looking at appointing an officer to take this agenda forward.

The Committee felt that it was essential that the Local Plan should address climate change, in order for the issue to be taken seriously.

Members were reminded that, as always, the audit reports completed during this quarter were available on the Council's website alongside the agenda and reports for this meeting and via a web link within the electronic version of the report.

In response to a Member's query, the Audit and Risk Manager agreed to clarify what Climate Local was. The Local Government Association website stated that "Climate Local is the LGA's initiative to support and share the work that councils are doing to respond to (climate change) challenges – including to boost renewable energy supply, to reduce utility bills for councils and residents, to support local growth and jobs, and to plan for extreme weather events".

The Audit and Risk Manager drew attention to the fact that Appendix 5 to the report addressed concerns previously raised by the Committee in respect of travel claims.

The Audit and Risk Manager was thanked for his report.

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

181. **INTERNAL AUDIT STRATEGIC PLAN 2014/15 – 2016/17 AND INTERNAL AUDIT CHARTER**

The Committee received a report from Finance presenting the Internal Audit Strategic Plan 2014/15 – 2016/17 and the Internal Audit Charter for consideration and approval.

The Audit and Risk Manager presented the report, which set out the proposed strategy for the next three years. He clarified that, while the work programme for years two and three within the report was indicative, for year one it represented a programme which Internal Audit was working to.

The Internal Audit Strategic 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.

The Audit and Risk Manager responded to Members' questions, confirming the number of staff employed by Internal Audit and the arrangements which were in place to maintain the accountability of Internal Audit, not least of which were the role of this Committee, External Audit and external peer reviews.

Members noted that an external specialist had evaluated thirty-two of forty Housing and Property Services contracts and would soon consider the remaining eight. Additionally, the Senior Internal Auditor had validated the integrity of information within those contracts prior to a report being considered by CMT. While Appendix 5 to a report presented to the Committee in March had detailed actions undertaken to date, an update would be presented to Members in due course. The Committee noted that the 'Procurement Champions' had also looked at contracts and as a result had requested contracts registers for each department, prior to the registers being considered by this Committee.

The Audit and Risk Manager was thanked for his report.

RESOLVED that the Internal Audit Strategic Plan 2014/15 – 2016/17 and Internal Audit Charter be approved.

182. **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 item, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minute 183 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. A summary is as follows:

183. **EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 16 APRIL 2014**

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 16 April 2014.

Item 10 – Fetherstone Court Development Scheme Update

The Committee passed comment on the recommendations.

Item 11 – Racing Club Warwick & West Midlands Reserve Force & Cadets Association

The Committee supported the recommendations in the report.

(Having declared an interest at the beginning of the meeting and, on receipt of further advice at this stage in the proceedings, Councillor Mrs Mellor left the room for the duration of this item)

184. **EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 16 APRIL 2014**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 16 April 2014.

Item 6 – Renewal of Allpay Contract

The Committee supported the recommendations in the report.

Item 7 – Procurement of Rural Housing Enabler

The Committee supported the recommendations in the report.

185. **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 12 and 26 March 2014.

RESOLVED that the contents of the report be noted.

186. **FORWARD PLAN**

The Committee considered the latest published version of the Forward Plan.

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

187. REVIEW OF THE WORK PROGRAMME

A report from Civic and Committee Services detailed the Committee's work programme for 2013/14 and 2014/15.

The Head of Finance was reminded to provide the names of Heads of Department who were responsible for contracts registers and for copies of those contracts registers so that reviews of the same could be added to the Committee's work programme.

RESOLVED that the work programme for 2013/14 and 2014/15 be noted.

188. 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, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minutes 189 and 190 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. A summary is as follows:

189. MINUTES (CONFIDENTIAL)

The confidential minutes of the meetings held on 11 and 25 March 2014 were agreed as a correct record.

190. COMMENTS FROM THE EXECUTIVE – APPENDIX 2 (CONFIDENTIAL)

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 12 and 26 March 2014.

(The meeting ended at 7.50 pm)