

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday, 10 March 2015 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Barrott (Chair): Councillors Mrs Bunker, Dhillon, Heath, Mrs Knight, Mrs Mellor, Pittarello, Rhead and Mrs Syson.

Also Present: Councillors Cross and Vincett (Portfolio Holders).

(Apologies for absence were received from Councillor Pratt and Councillor Williams)

117. **Substitutes**

Councillor Heath substituted for the Independent Group vacancy.

118. **Declarations of Interest**

There were no declarations of interest.

119. **External Audit Reports**

The Committee received a report from Finance that brought forward three items for consideration, which were appended to the report. These were; certification work for Warwick District Council for year end 31 March 2014; the audit risk assessment for Warwick District Council; and the audit plan for Warwick District Council year end 31 March 2015.

The letter dealing with the certification work for 2013/14 replaced the previous reports on claims and reports. As the numbers of claims had now reduced, it had been deemed no longer necessary for a formal report to be issued. However, the auditor's letter was being brought to the committee's attention. The two claims that were audited were Pooling of Housing Capital Receipts and Housing Benefits Claim.

The Housing and Benefit claim was qualified by the auditors. Whilst this was disappointing, as noted in previous years, it was the exception nationally for this claim to be unqualified.

The Audit Plan for the 2014/15 audit was presented. This 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; related party transactions; and accounting for estimates.

The accompanying external auditor's report 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).

John Gregory, from Grant Thornton the Council's external auditor, attended the meeting and responded to questions from the Committee. He updated the Committee on the work being undertaken on the objections to the accounts. The decision on the first objection would be issued in a matter of days and the other two would follow hard on the heels of the first one. The final one was subject to additional care because the subject was a cause of much debate and legal action. Any decision would be reported to Members as soon as possible but it was subject to natural justice and therefore Mr Gregory could not speculate on the outcome.

Resolved that the report be noted.

120. **Internal Audit Quarter 3 2014/2015 Progress Report**

The Committee received a report from Finance that advised on progress in achieving the Internal Audit Plan 2014/15, summarised the audit work completed in the third quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

Resolved that the report be noted.

121. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 11 March 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 11 March 2015.

Agenda Item 13. Reinstatement of Land Kites Nest Lane, Beausale

The Committee agreed it was the Council's responsibility to act for the interests of local residents.

That said Members felt the need to recommend to the Executive that before this was considered the complete budget, outlining all associated costs, be provided to the Executive and Scrutiny Committee for due consideration.

Agenda Item 4. Procurement Strategy and Action Plan

The Committee supported the recommendations in the report. Members asked that in future revisions to the Code of Procurement Practice be cross referenced with the Code of Financial Practice. The Committee also asked that further consideration was given to page 6 paragraph 1.2 to ensure they remain controlled and within the appropriate controls and budgets.

Agenda Item 15. Proposed Exemption from the Code of Procurement Practice

The Committee expressed strong disappointment about this matter because there was a contract register in place for which a main purpose was to bring forward early warnings and resolve any issues. It was of the view that it was not acceptable to carry on this way because this was a major contract and especially because the contracts register identified that work had started on this contract. The Committee explained that this should have been recognised and mitigated against through the proper procurement and resources allocated or requested if they were short.

That said the Committee welcomed that the Procurement Team were looking at a new contract management system and that it was planned in the next financial year that this would provide the appropriate workflows and safeguards for contract management.

The Committee welcomed that benchmarking would be undertaken on this work before the extension agreement was signed to confirm that value for money was achieved.

With these views the Committee accepted the recommendations of the report because it felt there was no real alternative.

Agenda Item 12. Corporate Property Planned Preventative Maintenance Programme 2015/16

The Committee supported the recommendations in the report.

122. **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 the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

123. **Executive Agenda (Confidential Items & Reports) – Wednesday 11 March 2015**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 11 March 2015.

Agenda Item 20. Asset Management Redesign Update

The Committee supported the recommendations in the report.

124. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 11 March 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 11 March 2015.

Agenda Item 7. HRA Business Plan Review for 2015/16 to 2061/62

The Committee supported the recommendations in the report.

Agenda Item 9. Regeneration in Lillington

The Committee supported the recommendations in the report.

125. **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 the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

126. **Executive Agenda (Confidential Items & Reports) – Wednesday 11 March 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 11 March 2015.

Agenda Item 19. Regeneration in Lillington

The Committee supported the recommendation in the report so long as the Executive had clarification on the funding split, between parties, for the funding outlined in recommendation 2.2c.

Agenda Item 22. Strategic Opportunity Proposal

The Committee supported the recommendations in the report.

127. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 11 March 2015**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 11 March 2015.

Agenda Item 11. Warwick District Council / Waterloo Housing Group Joint Venture (W2) State Aid Review

The Committee supported the recommendations in the report.

Agenda Item 14. Combined Authorities

The Committee supported the recommendation 2.4 in the report.

Agenda Item 17(A) Historic Buildings Grants Allocations

The Committee supported the recommendation in the report.

Agenda Item 17(B) Rural / Urban Capital Improvement Scheme (rucis) Application

The Committee supported the recommendation in the report.

Agenda Item 3. Updated Code of Financial Practice

The Committee supported the recommendations in the report.

128. **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 11 February 2015.

Resolved that the contents of the report be noted.

129. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2014/15 and the latest published version of the Forward Plan.

Resolved that the work programme for 2014/2015 be noted.

(The meeting ended at 8.44 pm)