

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 30 August 2017 at the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillor Barrott (Chair), Councillors Cain, Davies, Gifford, Howe, Illingworth, Margrave, Murphy, Noone and Quinney.

**Also present:** Councillors Grainger, Phillips, Thompson and Whiting.

## 41. Apologies and Substitutes

- (a) Apologies were received from Councillor Gallagher; and
- (b) Councillor Murphy substituted for the Conservative Vacancy.

## 42. Declarations of Interest

There were no declarations of interest.

## 43. Minutes

The minutes of the meeting held on 27 June 2017 were agreed subject to an amendment to Minute Number 21 which should have read "Capital" not "Capita". The minutes of the meeting held on 25 July 2017 were agreed as written.

## 44. Statement of Accounts

The Committee received a report from Finance which advised that the 2016/17 Accounts had been closed, audited and were due to be made available on the Council's website after the signed Audit Certificate was received. The Audited Statement of Accounts was being presented to Finance and Audit Scrutiny Committee for its approval.

A report had previously been presented to the Committee with the intention that the Committee would be able to sign off the Accounts before the end of July, the new deadline to be applicable from 2017/18 Accounts. However, the Audit had not been completed and the Committee had received an interim report. The Audit Findings Report from the external auditors in respect of the 2016/17 audit was now presented alongside this report.

As detailed in the attached Audit Findings Report (AFR) from the External Auditors, the audit of the 2016/17 Accounts was substantially complete. Some of the main issues coming out of this report were detailed in section 8 of the report. These included Adjustments to Accounts, Unadjusted Misstatements, working papers and journals and Value for Money.

The Head of Finance introduced the report and reminded Members of the report they had received last month explaining the processes and the reasons for the slight delay in closing the accounts. He stated that officers were optimistic that they would be in a good position to sign off next year's accounts at the end of July 2018.

Representatives from Grant Thornton, Mr Patterson and Ms Lillington addressed Members and confirmed that the Council was very much ahead than in previous years and they were working with the team to hit the July 2018 deadline.

Ms Lillington addressed Members and talked them through the report highlighting technical points and areas in which officers could work more efficiently.

Councillor Quinney raised a query relating to the drop in a figure of £486,000 on page 123 of the report. Following discussions about this being a partial valuation originally, it was agreed that the Head of Finance would come back to Members with clarification.

With regard to the Value for Money section, Members were advised that the auditors were confident that all confidential information had been provided and had been reported in a transparent way. However, it was felt that there was scope to be smarter about tracking savings.

Mr Patterson reminded Members that ultimately the reporting style had to work for the Council and not the auditors. Whilst it was possible to get a handle on the savings, it was difficult to see how many had been made. Grant Thornton confirmed that they were happy that the Statement of Accounts had been produced in line with the Account and Audit Regulations and reiterated that some of the alterations to the presentation of the accounts had already started.

Having considered the report and presentation, the Committee thanked Ms Lillington and Mr Patterson for attending. In addition, Members agreed that authority should be delegated to the Head of Finance to make any minor amendments that he felt were necessary. The Committee therefore

**Resolved** that

- 1) the 2016/17 Audit Findings Report, is noted;
- 2) the letter of representation on behalf of the Council, is approved; and
- 3) the Audited Statement of Accounts, is approved with any minor amendments to be made by the Head of Finance.

45. **Executive Agenda (Non-Confidential Items & Reports – Thursday 31 August 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Thursday 31 August 2017.

Item 5 – Budget Review to 30 June 2017

The Committee supported the recommendations in the report, including those detailed in the addendum.

Item 3 – Proposed Housing Financial Assistance Policy

The Committee supported the recommendations in the report.

Item 11 – Procurement Exemption for WDC CVS Commissioned Contracts 2015/18

The Committee supported the recommendation in the report.

Item 6 – Corporate Asset Management Strategy – Update Report

The Committee supported the recommendations in the report.

46. **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.

47. **Executive Agenda (Confidential Items & Reports – Thursday 31 August 2017)**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Thursday 31 August 2017.

Item 14 – Mallory Grange Affordable Housing

The Committee supported the recommendations in the report.

(The meeting resumed in public session.)

48. **Executive Agenda (Non-Confidential Items & Reports – Thursday 31 August 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Thursday 31 August 2017.

Item 4 – Car Park Fees and Charges 2018

The Committee supported the recommendations in the report.

49. **Risk Management Annual Report 2016-17**

The Committee received a report from Finance which updated the Risk Management Strategy (Appendix A) for implementing and embedding risk management throughout the organisation. The report also contained details of an external review that had been performed during the year. The review provided an independent assessment of the Council's risk management arrangements leading to the identification of areas for improvement that provided the basis of an action plan.

The overriding objective for risk management was to embed it within the organisation so that it was a seamless, but fundamental, part of the organisation's processes and not viewed as a separate bureaucratic



activity with little value. However, as with all objectives of this nature, there was no specific picture of what a fully risk-embedded organisation looked like and the goal of embedding risk management was an ongoing journey rather than one with a definite ending.

To help achieve the objective of embedding risk management, the Council had a Risk Management Strategy, set out at Appendix A to the report. Within the Strategy was an action plan that detailed the tasks necessary to advance risk management. This was attached at Appendix B to the report and contained an update on the progress in addressing the actions.

Appendix C to the report detailed other activities which had been undertaken during the year to help to embed risk management within the authority. This included information on the Risk Management Group, the training undertaken by senior managers and the programme of Risk Register Reviews undertaken by the Committee.

Having considered the report and presentation, the Committee

**Resolved** that

- (1) the report and its contents, in particular that which sets out Members' responsibility for risk management, is noted;
- (2) the Council's Risk Management Strategy, attached as Appendix A to the report, is affirmed; and
- (3) Members confirm their satisfaction with the progress being made in embedding risk management in the Council, and note the progress made to date in completing the current Risk Management Strategic Action Plan (Appendix B) and supplementary activities undertaken during the year that help to embed risk management (Appendix C).

**50. Internal Audit Strategic Plan 2017-18 – 2019-20: ICT Update**

The Committee received a report from Finance which presented the ICT audits element of the Internal Audit Strategic Plan 2017/18 – 2019/20.

The Internal Audit Strategic Plan 2017/18 to 2019/20 was approved by the Finance & Audit Scrutiny Committee on 4 April 2017. At that time, proposals for undertaking ICT audits had not been concluded and so, pending detailed proposals, the Strategic Plan included only a broad allocation of time for ICT-based audits.

Since then a plan for obtaining assurance on the ICT environment had been finalised and the ICT audits planned over the three year period 2017/18 to 2019/20 were set out in the appendix to the report.

A specialist ICT audit contractor, TIAA, had compiled the plan and was required because of the complexity inherent in ICT functions and their importance to the operation of the Council. It was not cost-effective for

the Council to employ its own internal audit resource in this particular area.

The Plan had been produced in consultation with ICT Services but to maintain independence and objectivity, the exercise was led by the contractor.

The audits set out in the first year of the plan would be undertaken by TIAA and the contractor for years 2 and 3 would be determined following the re-procurement of the ICT audit contract at the end of this financial year. In addition, the Committee would receive reports on the outcome of the audit assignments as part of the quarterly reporting process.

Having considered the report and presentation, the Committee

**Resolved** that the plan for undertaking ICT audits over the period 2017/18 – 2019/20, is approved.

**51. 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.

**52. Electrical Contract – Follow Up Discussion**

During consideration of the 31 May 2017 minutes of Finance and Audit Scrutiny Committee at the 25 July 2017 meeting, it was agreed that Members would revisit the reports relating to the investigation into the Electrical Maintenance Contract dating back over the past 12 months.

This exercise was to help Members gain a better understanding of the circumstances which lead to the issue being raised in the first place, the steps that the process took during the investigation and the investigators final report.

The full minute for this item will be detailed in the confidential minutes.

Following discussions, the Committee felt that this had been a one off incident, triggered by a catalogue of errors and there was no reason to believe it would happen again. In addition, Members were mindful of the existence of the Procurement Working Party and the Procurement Champions, and felt that the matter could be monitored effectively through the Annual Governance Statement.

**Resolved** that no further action be taken.

**53. 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 26 July 2017.

**Resolved** that the report be noted.

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

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

**Resolved** that the report be noted.

55. **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.

56. **Confidential Minutes**

The confidential minutes of the meeting held on 31 May 2017 were agreed and signed by the Chairman as a correct record.

(The meeting ended at 9.00pm)

Signature redacted  
Minutes signed on 26 September  
2017