

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 29 August 2018 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Quinney (Chair); Councillors Ashford, Davies, Day, Gifford, Howe, Illingworth, Mrs Knight, Margrave, Murphy, and Wright.

Also present: Councillors Mobbs, Phillips and Whiting.

42. Apologies and Substitutes

- (a) there were no apologies for absence; and
- (b) Councillor Day substituted for Councillor Cain and Councillor Ashford substituted for Councillor Noone.

43. Declarations of Interest

Minute 52 - Executive Agenda (Confidential Items & Reports – Thursday 30 August 2018)

Councillor Gifford declared a Disclosable Pecuniary Interest in item 11 - Europa Way – Update because he was a Warwickshire County Councillor and left the room whilst this item was considered.

Minute 53 - Executive Agenda (Non-Confidential Items & Reports – Thursday 30 August 2018.)

Councillor Margrave informed the Committee that he was a member of an organisation which owned one of the parcels of land identified in item 13 - Bid for Local Authority Housing Programme.

Councillor Phillips informed the Committee that his wife was a member of an organisation which owned one of the parcels of land identified in item 13- Bid for Local Authority Housing Programme.

Both Councillors had taken advice on this matter and were able to continue their involvement in the discussion at this time because no decision was being taken with regard to the purchase of the land.

44. Minutes

The minutes of the meeting held on 24 July 2018 were taken as read and signed as a correct record.

45. Minutes of the Joint Scrutiny Meeting

The minutes of the meeting of Joint meeting of the Finance & Audit Scrutiny Committee and Overview & Scrutiny Committee held on 24 July 2018 were taken as read and signed by the Chairman as a correct record.

46. **Closure of Accounts 2016/17 Audit**

The Committee received a report from Finance which set out the report from Grant Thornton that closed the 2016/17 audit of accounts.

The auditors (Grant Thornton) had not been able to conclude the audit of the accounts for 2016/17. The closure of the audits for 2013/14, 2014/15 and 2015/16 were reported to Committee in March of this year, after they had been delayed due the need for the auditors to consider two objections to the 2013/14 and 2014/15 accounts. Whilst no objections had been made in respect of 2015/16, the Accounts could not be closed until the prior years' objections were concluded. An objection remained in respect of the 2016/17 audit, preventing the closure of the audit for that year. The auditors had completed their investigations and had duly responded to the 2016/17 objector. As with the earlier objections, the auditors had concluded that it would not be in the public interest for them to make a public interest report under Section 8 of the Audit Commission Act 1998.

Due to the detailed content of auditor's response letter to the objector, with much information which was of a personal nature, the Council's lawyers had confirmed the auditors' letters could be shared with Finance and Audit Scrutiny Committee, but this needed to be on a confidential basis. The Council's auditors agreed with this approach. A copy the letter was included as confidential Appendix A to the report, as item 12 on this agenda.

The auditor's letter to the objector, set out three of the four matters related to items considered in previous years' objections, with the auditor stating why it was inappropriate for these matters to be considered further. The fourth item had been considered in detail with it being concluded that the cost of producing a report in the public interest would be disproportionate to the sums of the items of accounts involved.

The final Audit Opinion had now been issued in respect of 2016/17. This was included as Appendix B. The detail and basis for this opinion did not present any new information above what had been previously reported to Members in respect of 2016/17.

The Committee thanked the Head of Finance and Grant Thornton for their work on this matter. They were minded of the additional costs incurred as a result of these objections, some of which were in relation to value for money and the excessive costs in two areas of work. The Head of Finance explained that there were now tighter deadlines for objections to accounts and that the auditors had more scope to dismiss objections as being vexatious.

Resolved that the conclusion of the 2016/17 audit, be noted.

47. **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 items by reason of the likely disclosure of exempt information

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

48. **Confidential Appendix to Minute 46 Closure of 2016/17 Audit**

Resolved that the confidential Appendix to the report to Minute 46 Closure of 2016/17 Audit be noted.

49. **Internal Audit Quarter 1 2018/19 Progress Report**

The Committee received a report from Finance that advised on progress in achieving the Internal Audit Plan 2018/19, summarised the audit work completed in the first quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

The Committee had responsibility for corporate governance, of which internal audit forms a key part.

Four assignments were completed in the first quarter of 2018/19. Copies of all the reports issued during the quarter were available for viewing online with the agenda for the meeting.

The action plans accompanying all Internal Audit reports issued in the quarter were set out as Appendix 3 to the report. These 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 audit reports issued during the quarter in question.

One audit completed in the quarter was awarded a lower than substantial assurance opinion. A Moderate assurance opinion was given in respect of the follow-up audit of the Council's Preparations for the General Data Protection Regulations. In line with established practice the report relating to this audit was set out as Appendix 4 for specific scrutiny.

The Audit & Risk Manager informed the Committee that one of his team was due to retire in the near future after 42 years' service with the Council. The Committee asked for their gratitude and thanks to be passed to the officer for the service and high quality work during this time.

Resolved that the report be noted.

50. **Executive Agenda (Non Confidential Items & Reports – Thursday 30 August 2018)**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Thursday 30 August 2018.

Item 5 - Council Tax Reduction Scheme

The Committee supported the recommendations in the report.

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 items by reason of the likely disclosure of exempt information within paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

52. **Executive Agenda (Confidential Items & Reports – Thursday 30 August 2018)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Thursday 30 August 2018.

Item 11 - Europa Way - Update

The Committee supported the recommendations in the report.

53. **Executive Agenda (Non-Confidential Items & Reports – on Thursday 30 August 2018.)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Thursday 30 August 2018.

Item 9(A) – Rural/Urban Capital Initiative Scheme

The Committee supported the recommendations in the report.

Item 3 - Stock condition

The Committee supported the recommendations in the report enthusiastically.

Items 8 &13 - Bid for Local Authority Housing Programme

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

Item 4 - Budget Review

The Committee supported the recommendations in the report

54. **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 items by reason of the likely disclosure of exempt information within paragraph 3 of Schedule 12A of the Local

55. **Executive Agenda (Confidential Items & Reports – Thursday 30 August 2018)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Thursday 30 August 2018.

Item Urgent - Creative Quarter Growth Deal Update Report

The Committee supported the recommendations in the report.

56. **Review of the Work Programme, Forward Plan Comments from the Executive**

The Committee received a report from Democratic Services that set out its current work programme, the Forward Plan and responses from the comments made by the Committee to the Executive.

Resolved that

- (1) the Forward Plan be noted; and
- (2) the Work Programme be amended to include :
 - (a) the Statement of Accounts approval be included on the work plan for September 2018;
 - (b) the Procurement Update be scheduled for October to coincide with code of procurement and half year review;
 - (c) the Executive comments from July be included in the agenda for the September meeting.

57. **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 items by reason of the likely disclosure of exempt information within paragraph 1 and 2 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

59. **Executive Agenda (Confidential Items & Reports – Thursday 30 August 2018)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Thursday 30 August 2018.

Item 7 & 12 Assets redesign

The Committee supported the recommendations in the report and recognised the positive contribution this was intended to make to reduce slippage in work programmes. The Committee also took the opportunity to highlight to Employment that an Engineer post was to be deleted, that these roles had disappeared across the Council and to question if this might be a false economy.

60. Update from Deputy Chief Executive (BH) – Housing Contracts

The Committee were due to receive a verbal report on this matter. However at the time of considering the item the Deputy Chief Executive (BH) was presenting an item to the Overview & Scrutiny Committee.

The Committee had no record of why this item was requested and therefore were of the opinion that this did not need to be progressed. Therefore it was proposed, duly seconded and

Resolved that the item be removed from the Work Plan.

(The meeting ended at 7.35 pm)