

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

**24TH JANUARY 2019, AT 6.00 P.M.**

PRESENT: Councillors S. R. Colella (Chairman), C. J. Bloore, Mr. R. J. Deeming (Substitute), S. R. Peters and M. Thompson

Observers: Councillor B. T. Cooper, Mr. C. Scurrell, Neil Preece and Richard D Percival

Officers: Mr. A. Bromage, Mrs. C. Felton, Mr C. Forrester, Ms F. Mughal and Ms. A. Scarce

30/18 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors H. Jones, R. Laight and M. Webb. Members were advised that Councillor R. J. Deeming was in attendance as substitute for Councillor H. Jones.

31/18 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any whipping arrangements.

32/18 **MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 11 OCTOBER 2018**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 11<sup>th</sup> October, 2018 were submitted.

It was noted that Councillor B. Cooper was in attendance at this meeting. In respect of Minute No. 29/18 it was noted that the dates were recorded incorrectly and it should have stated 2019 and not 2018.

**RESOLVED** that subject to the amendments as detailed in the preamble above, the minutes of the meeting of the Audit, Standards and Governance Committee held on 11<sup>th</sup> October, 2018 be approved as a correct record

33/18 **STANDARDS REGIME - MONITORING OFFICERS' REPORT**

The Head of Legal, Equalities and Democratic Services presented the Monitoring Officer's report, and in doing so highlighted the following points:

- All Member complaints had been resolved locally and since the last meeting of the Committee there had been no further complaints.
- There had been no further training events held.
- The Member Development Steering Group continued to review the Member Induction programme in preparation for the new municipal year for both new and returning Members, together with carrying out a review of Members' use of IT equipment and its suitability.

Councillor M. Thompson sought clarification in respect of questions at full Council during the pre-election period. He questioned whether when a question was being put forward under the public questions item that if it was a candidate then this should be declared. The Head of Legal, Equalities and Democratic Services clarified that all questions were referred to her in the first instance in order to ensure they were both appropriate and relevant.

The Monitoring Officer suggested that the subject could be discussed at the next Constitution Working Group meeting, which the Senior Democratic Services Officer confirmed was due to be held on 11<sup>th</sup> February, 2019. Subsequently, an update would be provided at the next meeting of the Committee.

**RESOLVED:**

- a) that the Standards Regime Monitoring Officer's report to be noted;
- b) that the Constitution Working Group be asked to consider the questions from the public/candidates item discussed in the pre-amble above and an update to be provided at the next Audit, Standards and Governance Committee meeting on 14<sup>th</sup> March, 2019.

34/18

**GRANT THORNTON - COMMUNICATING WITH AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

Grant Thornton presented the Committee with a report in respect of the communication with the Audit, Standards and Governance Committee.

In accordance with Auditing Standards, Grant Thornton was required to ensure that robust systems were in place together with proactive communications with those charged with Governance. In planning and performing their audit of the financial statements, Grant Thornton needed to understand how the Audit, Standards and Governance Committee, supported by the Council's management, met its responsibilities in the following areas:

- Fraud
- Law and Regulation
- Going concern
- Accounting for estimates; and
- Related parties.

Management responses to a series of questions were included in the report. It was reported that the responses had been consistent and there were no concerns identified.

With regards to whistleblowing, clarification was sought that the Council had appropriate procedures in place to deal with any whistleblowing and it was confirmed that the Council had a whistleblowing policy. Members were further informed that there was a process in place for Grant Thornton to deal with any enquires of whistleblowing if anyone wished to take that route.

Councillor Cooper informed the Committee that he had no concerns in respect of fraud within Bromsgrove District Council.

**RESOLVED** that the Communication with the Audit, Standards and Governance Committee report and management responses be noted.

35/18

### **GRANT THORNTON - EXTERNAL AUDIT PLAN**

Grant Thornton presented the external Audit Plan for 2018/19 setting out the work that had been undertaken in respect of the financial accounts for 2018/19.

This covered the six key areas of challenges and opportunities facing the Council and the work the auditors would be doing:

- Group Accounts
- Significant risks
- Materiality
- Value for Money arrangements
- Audit logistics; and
- Independence.

In addition to the presumed risks inherent in all audits three significant risks had been identified. These related to the Management over-ride of controls, valuation of the pension fund net liability and valuation of property, plant and equipment.

Following a brief discussion of the report and questions from Members Grant Thornton confirmed they would be using the new audit methodology and tool LEAP for the 2018/19 audit, they had been involved in the development of this new software, which would be introduced globally. This would enable the auditors to be more responsive to changes that may occur.

**RESOLVED** that the report of the Grant Thornton Audit Opinion Plan for 2018/19 be noted and agreed.

36/18

**GRANT THORNTON - HOUSING BENEFIT 2017/18 CERTIFICATION LETTER**

Members considered the Grant Thornton Certification Work Report 2017/18. Members' attention was drawn to the details of Housing Benefit Subsidy claim for the financial year 2017/18 related to subsidy claimed of £16m.

Grant Thornton advised that there had been a reduction in the number of errors made in comparison to the previous year.

There were two lots of additional testing arising from errors identified which related to the incorrect input of earnings. As a result of the errors identified, the claim was amended and the findings were reported to DWP.

**RESOLVED** that the Grant Thornton Certification Letter 2017/18 be noted.

37/18

**INTERNAL AUDIT MONITORING REPORT**

The Head of Internal Audit Shared Service presented the Internal Audit Progress report. It was noted that the report provided an update on the actions and work carried out and gave a view of the audits which had been completed since the last meeting. The Head of Internal Audit Shared Service highlighted that there were no areas of high priority within this report.

In relation to Appendix 4 to the report the planned follow up items and associated actions were noted. Various works had been completed and would be reported to the Committee in due course. Overall the Audit Plan was on track.

**RESOLVED** that the Internal Audit Monitoring Report be noted.

38/18

**FINANCIAL SAVINGS MONITORING REPORT JUNE TO SEPTEMBER 2018**

The Committee was presented with the Financial Savings Monitoring report for April to September 2018, setting out the delivery of the savings projected for the full year against the Medium Term Financial Plan (MTFP). The Portfolio Holder for Finance and Resources highlighted that the Planning and Regeneration Service area was below target and this related to reduced income from planning applications, which had the potential to impact on other areas in the long term.

The statement indicated that it was projected that the savings of £580k for 2018/19 were on target to be delivered during the financial year.

**REPORTED** that the Financial Savings Monitoring Report for April to September 2018 be noted.

39/18 **OVERALL RISK AND CORPORATE GOVERNANCE REPORT**

The Financial Services Manager presented the Corporate Governance and Risk Report to the Committee for consideration and the 'high' priority risks identified in the report.

There was one significant risk identified in respect of the Business Continuity Plans and the impact should it fail to operate effectively in an incident. There were no additional risks to be considered.

**RESOLVED** that the Corporate Governance and Risk Report be noted.

40/18 **RISK CHAMPION - VERBAL UPDATE (COUNCILLOR S. COLELLA)**

The Chairman informed the Committee that following discussions with the Financial Services Manager and Head of Internal Audit Shared Service a scoping document would be produced setting out the role and responsibilities of the Risk Champion. This would be presented to the next meeting of the Committee for discussion and approval.

41/18 **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME**

The Senior Democratic Services Officer (Bromsgrove) presented the Audit, Standards and Governance Committee Work Programme for 2018/19. Members agreed for the following items to be included:

- Update from the Constitution Review Working Group in respect of public questions at full Council meetings; and
- Draft Role and responsibilities of Risk Champion.

Grant Thornton advised that the following items should be removed as these had been discussed at this evening's meeting:

- Certificate Work Report
- Audit Plan; and
- Auditing Standards.

**RESOLVED** that the Audit, Standards and Governance work programme be amended subject to the pre-amble above.

The meeting closed at 6.30 p.m.

Chairman