

**BROMSGROVE DISTRICT COUNCIL**

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

**14TH MARCH 2019, AT 6.00 P.M.**

PRESENT: Councillors S. R. Colella (Chairman), C. Allen-Jones, S. R. Peters,  
S. P. Shannon and P.L. Thomas

Observers: Councillor B. T. Cooper and Neil Preece

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

42/18 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors C. J. Bloore and M. Thompson. Members were advised that Councillor S. Shannon was in attendance as a substitute for M. Thompson.

43/18 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

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

44/18 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 24 JANUARY 2019**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 24<sup>th</sup> January, 2019 were submitted.

The Head of Legal, Equalities and Democratic Services advised the Board that the Constitution Review Working Group would be reviewing the questions from the public/candidates in March, 2019 and if deemed necessary, any changes could be included in the Constitution.

**RESOLVED** that the minutes of the meeting of the Audit, Standards and Governance Committee held on 24<sup>th</sup> January, 2019 be approved as a correct record.

45/18 **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:

- There had been no further Member complaints since the last meeting of the Committee.
- There had been no further training events held. Both the Member Development Steering Group and Constitution Review Working Group continued to meet regularly.

Members were advised that there was a training programme prepared for the new municipal year and Members were asked, if there was any additional training that was required to contact Democratic Services. Clarity was sought if it was compulsory for new Members to attend the training sessions. Members were advised that any Members that were sitting on regulatory committees would be required to have the relevant training. Members would be encouraged to attend any training that was provided to them, such as Social Media and the Code of Conduct. However, the Group Leaders had the responsibility to endorse this to Members.

**RESOLVED** that the Monitoring Officer's report be noted

46/18

**GRANT THORNTON - EXTERNAL AUDIT - PROGRESS REPORT AND SECTOR UPDATE**

Neil Preece from Grant Thornton presented the sector update and audit progress update report which outlined the key issues emerging in the public sector. It was reported that CIPFA had proposed a financial resilience index to provide reassurance to Councils who were financially stable and to highlight areas that might need further consideration in relation to financial modelling and funding.

Members were asked to note the progress work of Grant Thornton as at February 2019. It was stated that Grant Thornton was pleased with the audit work to date and had no concerns as yet. Neil Preece expressed his gratitude to the Finance team for their hard work. The Progress as at February 2019, was highlighted as follows:

- Financial Statements Audit - A detailed audit plan had been delivered, and an interim audit had taken place in January 2019. This interim audit covered areas such as the control environment, core financial systems understanding and early substantive testing.
- Value for Money - There was one significant value for money risk identified which was the financial sustainability of the Council and audit work was currently being undertaken with regards to this.
- Other areas - Regular meetings with finance staff were taking place to ensure emerging issues were identified at an early stage.

Grant Thornton further reported that relevant training had been delivered to the Finance Team which had been well received.

Councillor B Cooper, Portfolio Holder of Finance and Enabling reiterated the hard work undertaken by the Finance team.

Neil Preece reassured the Committee that Bromsgrove District Council was in a strong position with regards to financial stability compared to other Councils and that the Council would have a significant reserve after the next four years.

Grant Thornton explained that they could not offer financial advice to the Council. However, the Council could contact other audit firms to seek financial advice.

**RESOLVED** that the Grant Thornton Sector Update and Audit Progress Report be noted.

47/18

### **INTERNAL AUDIT - PROGRESS REPORT**

The Head of Internal Audit Shared Services presented a report that informed the Committee of the outcomes of the performance for the period of 1<sup>st</sup> April, 2018 to 31<sup>st</sup> January, 2019.

The report highlighted the review for Treasury Management which identified some of the areas of the system that were working well and where controls could be strengthened. Members noted that the report made reference to Redditch Borough Council in relation to the audit testing and that this needed to be amended Bromsgrove District Council.

Members noted the delivery against Internal Audit Plan for 2018/19 1<sup>st</sup> April 2018 to 31<sup>st</sup> January 2019 and the key performance indicators.

It was reported that there had been significant improvements to the follow up and assurance was given to the Committee that appropriate actions were in place to ensure that management continued to monitor the progress of implementation.

The Committee considered the Internal Audit Progress Report - 1 September to 28 October 2018. The details were set out in the report.

In the ensuing debate, the following points were made:

- Responses from managers with regards to the outstanding audit recommendations had been received;
- It was agreed at SMT that management responses and final approval should be received by Audit within ten working days;
- Further information on ongoing audits would be presented to the next meeting of the Audit, Standards and Governance Committee meeting.

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

48/18

### **INTERNAL AUDIT - AUDIT PLAN 2019/20**

The Head of the Internal Audit Shared Service presented the Audit Plan Report 2019/20. Members were informed that at the last Senior Management Team meeting, the management had suggested some amendments to be made. During the presentation of this report a number of key points were highlighted for Members' consideration:

- Additional areas in relation to Business Continuity, Leisure Contract management and markets were to be included in the plan;
- Benefits audits included the customer journey to ensure the service supported claimants

**RESOLVED** that the Internal Audit Plan be noted.

49/18

### **FINANCIAL SAVINGS MONITORING REPORT**

The Executive Director of Finance and Resources presented the Financial Savings Monitoring Report 2018/19 covering the period April to December. This report provided Members with details of the savings delivered and projected for the full year against those identified in the Medium Term Financial Plan (MTFP).

It was reported that £580k of savings had been identified for the financial year 2018/19; with a risk around £2k of savings from additional cross boundary partnership working.

In the ensuing debate, the following points were highlighted:

- That the Council would have a balance budget at the end of the financial year 2023/24. The Council was in a better financial position compared with other Councils.
- The Council had no unidentified savings.

**RESOLVED** that the financial position for savings be noted.

50/18

### **ACCOUNTING POLICIES**

The Financial Services Manager presented the proposed accounting policies to be used for the closure of the 2018/19 accounts. This was prepared in line with CIPFA's Code of Practice on Local Authority Accounting in the UK 2018/19 (the Code).

There were three significant changes to the accounting policies:

- The Going Concern assumption under general principles had been updated to clarify that it was still relevant in the case of local government re-organisation.
- Accruals of Income and Expenditure had been retitled 'Revenue and Expenditure Recognition' and rewritten to reflect the requirements of IFRS 15 (Revenue from contracts with Customers). The key change being that income was only recognised as received when all specific performance obligations had been satisfied.
- Financial Assets and Financial Liabilities had been amended to reflect the changes of IFRS 9 (Financial Instruments), however this would not affect the Council.

In response to a Member's question it was stated that the local authority made a contribution to the Worcestershire Pension Fund. It was further stated that the contribution rates were set and the scheme was administered by Worcestershire County Council.

**RESOLVED** that the Council's proposed Accounting Policies be approved and adopted in completing the 2018/19 Statement of Accounts

51/18

**DRAFT ANNUAL REPORT 2018/19**

The Chairman presented the Audit, Standards and Governance Committee's Annual Report 2018/19. Members were advised that the report outlined the Committee's activities during the municipal year. The Chairman would present the report for Members' consideration at a meeting of Council in June 2019.

Members expressed concern that the comprehensive work of the Audit, Standards and Governance Committee was not reflected in the annual report.

Councillor Cooper reiterated that Members did raise concerns at Council meeting last year that the report did not give a true reflection of the work carried out by the Audit, Standards and Governance Committee.

**RESOLVED** that the Audit, Standards and Governance Committee's Annual Report 2017/18 be noted

52/18

**DRAFT ROLE AND RESPONSIBILITIES OF RISK CHAMPION - VERBAL UPDATE**

The Executive Director of Finance and Resources advised the Committee that the role and responsibilities of the Risk Champion had been reviewed in order to look at best practice. This would be incorporated in the Internal Audit Report and subsequently submitted to the Committee in the new municipal year for Members' consideration.

53/18

**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME**

Members received the Audit, Standards and Governance Committee Work Programme for 2018/19.

Councillor Colella extended his thanks to all Members of the Committee and officers for their contribution to the Audit, Standards and Governance Committee.

**RESOLVED** that the Audit, Standards and Governance Committee work programme be noted.

The meeting closed at 6.55 p.m.

Chairman