

**BROMSGROVE DISTRICT COUNCIL**

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

**15TH JUNE 2017, AT 6.00 P.M.**

PRESENT: Councillors M. J. A. Webb (Chairman), R. J. Deeming, R. L. Dent, P. M. McDonald, S. R. Peters (Present from Minute No. 1/17 to Minute No. 12/17), C. J. Spencer (Present from Minute No. 1/17 to Minute No. 11/17), P.L. Thomas (Present from Minute No. 13/17) and M. Thompson

Parish Council Representative: Parish Councillor C. Scurrall

Grant Thornton Representative: Mr. N. Preece

Officers: Ms. J. Pickering, Mrs. C. Felton, Mr. A. Bromage, Mr. P. Stephenson and Ms. A. Scarce

1/17      **ELECTION OF CHAIRMAN**

A nomination for the position of Chairman was received in respect of Councillor M. J. A. Webb.

**RESOLVED** that Councillor M. J. A. Webb be elected Chairman of the Committee for the ensuing municipal year.

2/17      **ELECTION OF VICE CHAIRMAN**

A nomination for the position of Vice Chairman was received in respect of Councillor S. R. Colella.

**RESOLVED** that Councillor S. R. Colella be elected Vice Chairman of the Committee for the ensuing municipal year.

3/17      **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors S. R. Colella and J. M. L. A. Griffiths, with Councillor R. Deeming attending as substitute for Councillor Griffiths.

Members were also informed that Councillor P. L. Thomas may be late for the meeting.

Councillor C. J. Spencer advised the Chairman that she had a prior engagement and must leave at 6.50 p.m. whilst Councillor S. R. Peters advised that he would be leaving the meeting at 7.10 p.m.

4/17

**DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

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

5/17

**MINUTES**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 30th March 2017 were submitted.

**RESOLVED** that the minutes of the Audit, Standards and Governance Committee meeting held on 30th March 2017 be approved as a correct record.

The Chairman drew Members attention to the request for a written update in respect of the Corporate Risk Register and confirmed that this was included within the agenda at Item No. 16.

6/17

**STANDARDS REGIME - MONITORING OFFICERS' REPORT**

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

- The level of complaints – currently two, both of which were ongoing.
- As there had been no District elections this year Member training would be provided where necessary and when requested through either the Group Leaders or the Member Development Steering Group.
- A programme of training being rolled out to the Parish Councils facilitated through the Shared Planning Team at Bromsgrove District and Redditch Borough Councils.

Members questioned whether a charge would be made for the training provided to the Parish Councils and Officers confirmed that the Council had a statutory obligation in respect of such training and whilst it was believed to be unlikely, an email confirming this would be sent to Members outside of the meeting.

**RESOLVED** that the report be noted.

7/17

**DISPENSATION REPORT**

The Head of Legal, Equalities and Democratic Services presented the Dispensations report for Members' consideration. The Committee was informed that Members could apply for a dispensation when they had a pecuniary interest in a matter or where their spouse might have such an interest. The report also contained a minor administrative change to the way in which dispensations, which the Committee had granted in respect of appointments to Outside Bodies and Individual Member

Dispensations and for which the appointments/Members' circumstances had subsequently changed, as detailed under sections 3.14 and 3.17 of the report, were reported to the Committee.

Members discussed a number of areas within the report for clarification and made particular reference to the previously granted dispensation for Councillor B. Cooper. It was confirmed that following his appointment to the Cabinet he was no longer the Council's representative on the Worcestershire County Council Health Overview and Scrutiny Committee.

Following further discussion it was

**RESOLVED** that

- 1) it be noted that no new Individual Member Dispensations had been requested by Members;
- 2) the reason for the dispensation previously granted in respect of Councillor B. Cooper be amended "to allow participation in debates or decisions regarding health issues generally";
- 3) the unchanged position in relation to the existing General d Outside Body Appointment Dispensations granted by the Committee, as detailed under sections 3.10 and 3.13 of the report, be noted;
- 4) the proposed minor administrative changes detailed under sections 3.14 and 3.17 of the report be approved; and
- 5) for the avoidance of any doubt it be noted that, in all cases, any dispensations granted by the Committee will only take effect on receipt of a subsequent written request to the Monitoring Officer from the relevant Member(s), for a specific dispensation to be granted to them where appropriate business is due to be discussed/debated at a particular meeting, and where those Members have a Disclosable Pecuniary Interest in the matter which would otherwise preclude them from participating/voting in this.

8/17

**GIFTS AND HOSPITALITY: GUIDANCE FOR COUNCILLORS - UPDATE TO THE CONSTITUTION**

Officers explained to the Committee that the changes highlighted in this report were as a result of discussions held at the most recent meeting of the Constitution Review Working Group. The Group had asked for the Audit, Standards and Governance Committee to review the proposed changes in respect of Gift and Hospitality Guidance within the Constitution. Areas which had been reviewed were in respect of a threshold value of £25, the definition of gifts and hospitality, the Register which was kept by the Council and exceptions and other circumstances.

Members debated the reasoning behind the proposed changes and the inclusion of a threshold value. The report also stated that the introduction of a threshold reduced the amount of officer time spent on the matter and before making a decision agreed that further information should be made available to substantiate this and that the current guidelines should remain in place.

**RESOLVED** that the Constitution Working Group should be advised that the Committee believe the current threshold should remain in place.

9/17

**GRANT THORNTON - PROGRESS REPORT / ACTION PLAN VERBAL UPDATE**

Neil Preece, Engagement Manager, Grant Thornton provided Members with a brief verbal update on this occasion as a detailed written report had been received by the Committee at its previous meeting. Mr. Preece provided details on the following:

- The final account statements had been produced within the deadline and in the line with the revised timescale that would need to be met next in 2018.
- The final accounts would be brought before the Audit, Standards and Governance Committee at its meeting to be held on 14th September 2017.

10/17

**EXTERNAL AUDIT - AUDIT FEE LETTER 2018/19**

Mr. Neil Preece, Engagement Manager, Grant Thornton presented the Audit Fee Letter for 2017/18. In so doing he drew Members attention to a number of areas, which he explained were currently unknown due to the changes taking place in respect of the appointment of External Auditors. Members were reminded that at its meeting in December the Committee had been asked to appoint an external auditor from 2018/19 and had chosen to accept the offer from PSAA to act on its behalf in this process. The fees for particular areas had not been set as yet but were not expected to change significantly as they were calculated on a percentage basis.

Following further discussion it was

**RESOLVED** that the fee as outlined within the Audit Fee Letter 2017/18 be agreed.

11/17

**BENEFITS AND COMPLIANCE ANNUAL UPDATE REPORT - 2016/17**

The Senior Investigations Officer presented the report which provided Members with an update on the work of the Compliance Team following the transfer of benefit fraud to the DWP Single Fraud Investigation Service in February 2016 and information regarding the work of the Benefit Services.

Members raised a number of queries including the following:

- Whether the figures provided in respect of customer error/fraud and Local Authority error/administrative delay were acceptable in comparison to other authorities and whether information was available in order to carry out a benchmarking exercise. Officers agreed to contact other authorities to seek information in this respect.
- Overpayments received and written off during the financial year 2016/17 and whether these were customer debts which were written off or the Council errors. Officers agreed to confirm this outside of the meeting.
- The financial benefits to the other major preceptor and whether the rate of 10% of any additional income raised was acceptable. Officers agreed to speak to other local authorities to see if this was a reasonable rate.

**RESOLVED** that the report be noted subject to the additional information requested in the pre-amble above.

12/17

### **INTERNAL AUDIT - ANNUAL REPORT AND DRAFT AUDIT OPINION 2016/17**

The Head of internal Audit Shared Service presented the 2016/17 Internal Audit Annual Report. During that presentation Members' attention was drawn to the Overall Conclusion section of the report which identified several key points. In respect of the Audit Opinion it was highlighted that two areas had been identified with limited assurance. These areas would be addressed by management and had a clearly defined action plan in place in order to address the weaknesses and issues identified. It was confirmed that further work was required to embed risk management throughout the organisation with the outcomes now being monitored by the Executive Director, Finance and Resources.

Following presentation of the report Members discussed a number of areas in more detail including the impact to the Council of the length of time taken to deliver the required number of audits. It was confirmed by Officers that the plan had been delivered and there was no direct implications to the Council arising from the delay. Customer feedback was also discussed and it was explained that following the completion of each audit a feedback form was provided to the relevant officers at the Council who had been involved in that Audit, the information provided within the report was the result of these being returned, although it was noted that not everyone returned these forms.

Members were also asked to approve the Internal Audit Charter which defined what Internal Audit was and explained its purpose, role and responsibilities.

**RESOLVED**

- 1) that the 2016/17 Internal Audit Annual Report be noted; and
- 2) that the Internal Audit Charter be approved.

13/17

**INTERNAL AUDIT PROGRESS REPORT**

Officers explained that this report would usually have been brought before Members at the September meeting. However in light of the information provided within the Internal Audit Annual Report it was thought to be prudent to bring this report forward for completeness. The Audits that had been carried out had received significant or moderate assurance, with the Risk Management and Dashboard and Performance Indicators receiving limited assurance. A number of recommendations had been put forward to address the issues within these areas together with an update in respect of recommendations which had been made in respect of the Bereavement Services. All recommendations were prioritised in order to ensure the work needed was carried out in a timely manner. It was confirmed that those recommendations in respect of the Bereavement Services had been addressed.

The Executive Director, Finance and Resources confirmed that a number of areas were being addressed through the Senior Management Team and were closely monitored with a co-ordinated approach being taken to ensure that those outstanding from 2013/14 were completed as quickly as possible. A meeting of the Risk Management Group was due to be held on 16<sup>th</sup> June and a detailed update had been provided for Members within the agenda at this evening's meeting.

Following presentation of the report Members' raised a number of concerns including, the inability to trace payments between Worcestershire Regulatory Services and Bromsgrove District Council and whether this had led to a loss of income. Officers confirmed this was an administrative procedure and that the income would have been received. The appropriate procedure had now been put in place to ensure that this did not happen again in the future.

**RESOLVED** that the Internal Audit Monitoring Report of the Head of the Internal Audit Shared Service – Worcestershire Internal Audit shared Service be noted.

14/17

**S11 ACTION PLAN UPDATE REPORT**

The Executive Director, Finance and Resources remind Members that this update report was presented following the Council receiving a S11 Notice (Audit Commission Act 1998) in relation to a number of recommendations relating to the financial management and accounting of the Authority. The Executive Director, Finance and Resources confirmed that the Accounts for 2016/17 had been prepared ahead of schedule and within the deadlines which would need to be met in

2017/18. Regular discussions had been held with Grant Thornton and there remained two areas which required further work to be undertaken. These were detailed within the report together with actions which would be carried out to complete this work. In respect of budget monitoring it was highlighted that the Overview and Scrutiny Board's Finance and Budget Working Group had help to ensure that the building blocks were in place in order to improve that process, with the support of the Grant Thornton Engagement Manager to ensure that those processes were robust going forward.

**RESOLVED** that the Section 11 Update Report be noted.

15/17

**FINANCIAL SAVINGS MONITORING UPDATE REPORT FOR JANUARY TO MARCH 2017**

The Executive Director, Finance and Resources presented the Financial Savings Monitoring Report for 2016/17 which included the delivery of savings and additional income for the period April 2016 to March 2017. It was highlighted that the net savings to budgets had been delivered in line with the original estimates. It was confirmed that the detailed outturn report would be presented to Cabinet at its July meeting.

Members noted the savings and questioned where those savings would be used, the Executive Director, Finance and Resources explained that this had already been identified and was in fact agreed savings and not a "surplus", with any additional savings going into balances. Members also requested additional information in respect of the savings from Community Services of £112k and Legal, Equalities and Democratic Savings of £59k and the Executive Director, Finance and Resources agreed to provide Members with this detail outside of the meeting.

**RESOLVED** that the April – December 2016 Financial Savings Monitoring Report 2016/17 be noted.

16/17

**CORPORATE RISK REGISTER**

The Executive Director, Finance and Resources presented the Corporate Governance and Risk Report and in so doing highlighted a number of areas. It was confirmed that the report would be brought to the Committee bi-annually in future and that a meeting of the Risk Management Group was due to be held on 16<sup>th</sup> June 2017. The register used the "traffic light" system to assess the risk associated with the issues and detailed both the controls and mitigating actions that were in place to reduce the risk to the organisation. Currently there were two areas with an Impact Level of 4, Managing the impact of national changes and Partners of the Councils fail to work together in a Proactive Way. The Executive Director, Finance and Resources assured Members that appropriate actions were being put in place to address the issues raised and that feedback on progress being made would be provided to Members at future meetings.

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

17/17

**APPOINTMENT OF RISK CHAMPION FOR THE COMMITTEE**

There being no other nominations for Risk Champion it was

**RESOLVED** that Councillor P. Thomas be appointed Risk Champion for the ensuing municipal year.

18/17

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

Members considered the Committee's Work Programme for 2017/18.

**RESOLVED** that the Work Programme be noted.

The meeting closed at 7.25 p.m.

Chairman