

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

23RD JULY 2018, AT 6.00 P.M.

PRESENT: Councillors S. R. Colella (Chairman), M. J. A. Webb (Vice-Chairman), R. J. Deeming (Substitute), H. J. Jones, R. J. Laight, P.L. Thomas and M. Thompson

Observers: Councillor B. T. Cooper and Councillor G. N. Denaro, Mr. R. Percival and N Preece

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

1/18 **ELECTION OF CHAIRMAN**

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

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

The meeting was adjourned at 6:00 pm in order for the Chairman to go through the agenda with the Executive Director of Finance and Resources. The meeting was resumed at 6:05 pm.

The Chairman opened the meeting and expressed his gratitude to everyone for their support.

2/18 **ELECTION OF VICE CHAIRMAN**

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

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

3/18 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors C. Allen-Jones, C. McDonald and S. Peters, with Councillor R. Deeming attending as substitute for Councillor Allen-Jones.

An apology was also received from Parish Councillor C. Scurrall.

4/18 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

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

5/18 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 15 MARCH 2018**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 15th March, 2018 were submitted.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 15th March, 2018 be approved as a correct record.

6/18 **STANDARDS REGIME - MONITORING OFFICER'S REPORT**

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

- That there had been one formal complaint since the last meeting of the Committee. The complaint had been resolved locally between the two Group Leaders;
- That all outstanding complaints had been resolved locally and actions had been agreed with Group Leaders;
- No training had taken place since the last update;
- That the Member Development Steering Group would focus on the Induction Programme for new Members in 2019/20 and the Group Leaders were being encouraged to consult with their Members to ascertain what training they felt would be most suitable in order for the Induction Programme to be meaningful and useful to the new Members.

RESOLVED that the Standards Regime Monitoring Officer's Report be noted.

7/18 **DISPENSATION REPORT**

The Head of Legal, Equalities and Democratic Services presented to the Committee 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.

The Committee considered a request from Councillor L. Mallett for the granting of a dispensation under section 33 (2) of the Localism Act 2011,

to speak and vote at meetings on any matter involving hospital car parking.

RESOLVED that

- 1) any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33(2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and committee meetings in the individual circumstances detailed;
- 2) any new IMDs granted remain valid until the first meeting of the Audit, Governance and Standards Committee after the District Council Elections in 2019, at which point all dispensations will be reviewed;
- 3) the unchanged position in relation to the existing General and Outside Body Appointment Dispensations granted by the Committee, as detailed under sections 3.10 and 3.13 of the report, be noted;
- 4) a general dispensation be granted to Councillor L. Mallett to enable him to speak and vote on issues relating to Hospital Car Parking.

8/18

GRANT THORNTON - EXTERNAL AUDIT FINDING REPORT

Richard Percival, Engagement Lead, and Neil Preece, Manager, from Grant Thornton presented to Members' the External Audit Findings Report for 2017/18, which outlined the audit findings and key matters arising from the audit of the Council's financial statements for the year ended 31st March, 2018.

The Committee discussed in detail the audit findings documents prepared by Grant Thornton. Members were informed that the audit was completed in advance of the deadline and that no material issues had been identified.

Grant Thornton thanked the Finance Team and colleagues for their hard work during the audit. It was reported that although significant improvement had been made, nonetheless, there were further improvements to be made as there was continued pressure to deliver savings to ensure a balanced Medium Term Financial Plan.

The key messages arising from the audit of the Council's financial statements were that:

- no adjustments had been identified to the financial statements that had resulted in any amendments to the Statement of Comprehensive Income and Expenditure;

- the Statement of Accounts for 2017/18 and the draft letter of representation would be submitted to the Council for approval;
- there had been significant improvements, in respect of producing the financial statements, compared to the previous year;
- a higher number of minor amendments had been identified;
- there had been four significant risks and two other reasonable possible risks identified in the Audit Plan;
- there had been two issues discussed with management, in relation to the early payment of pension contribution and consideration of pension guarantees;
- the Council had made appropriate arrangements in all significant respects to ensure it delivered value for money in its use of resources;
- there had been two significant risks identified through the initial risk assessment, in relation to financial sustainability and in year financial reporting to Members.

The Chairman conveyed his thanks, on behalf of the Committee, to Grant Thornton, the Finance Team and Councillor B. Cooper for their hard work and commitment.

Members were mindful as the Council did not know what challenges they would face for the future it was important to focus on the savings and have appropriate measures to look at the savings for the future in order to deal with any changes and issues ahead.

Councillor B. Cooper further expressed his gratitude to the Finance Team. He appreciated that the Council was currently in a good place financially. However, acknowledged whilst the Council had a substantial amount in balances that this would not last forever and felt it was prudent to have arrangements in place to ensure that the Council remained in a sustainable positive in the future.

RESOLVED that the Audit Findings Report for 2017/18 be noted.

RECOMMENDED that Council approve of the draft letter of representation as detailed at Appendix 2 of the report.

9/18

GRANT THORNTON - EXTERNAL AUDIT OPINION 2017/18

The External Audit Opinion for 2017/18 item was covered in the External Audit Findings Report (Minute no. 8/18 above).

10/18

GRANT THORNTON AUDIT FEE LETTER 2018/19

Members gave consideration to the Audit Fee letter for 2018/19.

Richard Percival, Engagement Lead, from Grant Thornton was present at the meeting and provided Members with an update of the Audit Fee

Letter for 2018/19. It was reported that, following a consultation process, PSAA published the 2018/19 scale fees for opted-in bodies in March, 2018. There had been a reduction by 23% from the fees applicable for 2017/18. The Council's scale fee for 2018/19 had been set by PSAA at £37,484.

RESOLVED that the fee as outlined within the Audit Fee Letter for 2018/19 be agreed.

11/18

INTERNAL AUDIT ANNUAL REPORT AND DRAFT AUDIT OPINION 2017/18

Head of Internal Audit Shared Service presented the Committee with the Internal Audit Annual Report and Audit Opinion for 2017/18, which outlined the work completed from 1st April 2017 to 31st March 2018.

The Committee were provided with the Internal Audit Charter for Worcestershire Internal Audit Shared Service (WIASS). It was reported that the WIASS had achieved and delivered the 2017/18 internal action plan with minor revisions.

The following points were highlighted:

- The Internal Audit Plan, along with any subsequent revisions had been delivered;
- 94% of the audits undertaken for 2017/18 had received an assurance of moderate or above;
- That five days had been planned for Corporate Audits in 2017/18, however, no days had been used, this was due to minor amendments to the plan due to risk management and it was appropriate for this to be deferred.

RESOLVED that the Internal Audit Annual Report for the period of 1st April 2017 to 31st March 2018 and the Audit Opinion be noted.

12/18

INTERNAL AUDIT EXTERNAL ASSESSMENT 2017/18 PROGRESS REPORT

The Head of Internal Audit Shared Service presented the Committee with the Internal Audit External Assessment for 2017/18 Progress Report.

It was reported that all Internal Audit Services were obliged to comply with the Public Sector Internal Audit Standards 2013 and undertake an independent external assessment every five years to ensure compliance with the Standards.

The Committee was informed that the report was presented to the Client Officer Group in November 2017 and the key outcomes of the assessment were that:

- The service was solid and reliable;
- Nothing was wrong;
- No areas of non-compliance were identified.

The Committee was informed that the progress would be reported to Committee twice a year to give assurance that the extra assessment had been undertaken.

RESOLVED that the Internal Audit External Assessment 2017/18 Progress Report be noted.

13/18

BENEFITS AND COMPLIANCE ANNUAL UPDATE REPORT 2017/18

The Revenue Service Manager 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 Benefits Services.

Arising from Members' questions the following responses were made:

- That 24 properties missing off the Council Tax data base had been identified through comparing the database systems and looked at where there had been a mismatch in the database;
- That the Council Tax had been removed to those properties that were new developments or had been demolished;
- The reimbursement of the overpayments in respect of the Housing Benefit and Council Tax Support would be reviewed on an individual case, depending on individual circumstances.

RESOLVED that the Benefits and Compliance Annual Report for 2017/18 be noted.

14/18

STATEMENT OF ACCOUNTS 2017/18

The Committee considered the Statement of Accounts for 2017/18. The Executive Director of Finance and Resources presented the report and informed the Committee that the Statement of Accounts was approved by 30th May 2018 and submitted to Grant Thornton, External Auditors.

Arising from Members' questions, the following responses were made:

- Clarity was sought in relation to the recycling waste collected per household which had reduced from 365kg in 2016/17 to 359kg in 2017/18;

- In relation to the interest rates from the Treasury, advice received indicated that these were expected to remain low in the medium term for the next 18-24 months.

RECOMMENDED that Council approve the Statement of Account for 2017/18, including the Accounting Policies provided at pages 25 to 35 of the report.

15/18

FINANCIAL SAVINGS MONITORING REPORT 2017/18 - APRIL - MARCH

The Executive Director of Finance and Resources presented the Financial Savings Monitoring Report for 2016/17 which included the delivery of the savings projected for the full year against the efficiency plan.

The following areas were highlighted that:

- The total savings/use of balances was at £726k. Members' were informed that a saving of £1.2m was made through additional incomes;
- Managers continued to work through the ways that further savings could be delivered to meet the plans in the future;
- The additional business rate return was not yet known and would be reviewed when the formal return was submitted to Government in December, 2018. A prudent approach had been taken at quarter 2 to show no growth for 2017/18;
- Additional savings were included in the MTFP in relation to resetting the budget from previous years and this was shown again the reset baseline line with additional savings of £684k

RESOLVED that the April, 2017 – March, 2018 Financial Savings Monitoring Report for 2017/18 be noted.

16/18

CORPORATE GOVERNANCE AND RISK REGISTER

The Executive Director, Finance and Resources presented to Members the Corporate Governance and Risk Report and highlighted the red and amber risks.

RESOLVED that the Corporate Governance and Risk Report be noted.

17/18

RISK CHAMPION - ANNUAL APPOINTMENT

There being no other nominations for Risk Champion it was

RESOLVED that Councillor S. Peters be appointed Risk Champion for ensuing municipal year.

However, as Councillor Peters was not present at the meeting it was agreed that Officers would advise him of his appointment in order to confirm whether he wished to take up this post.

18/18

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

Members considered the Audit, Standards and Governance Committee's Work Programme for 2018/19.

It was noted that the next meeting of the Committee would take place on 11th October, 2018. It was agreed to include the GDPR – Internal Audit Framework to the Work Programme.

Members sought clarification in relation to Worcestershire Regulatory Services Audit around the process for closing complaints made by residents.

The Chairman also raised concerns around the procurement process and it was confirmed that this was on the work programme for internal audit in the coming year. The Head of Internal Audit Shared Services agreed to liaise with the Chairman to ensure that his concerns were covered in the work to be carried out.

It was noted that the following items should be removed from the Work Programme for October, 2018:

- External Audit Finding Report;
- S11 Action Plan.

RESOLVED that the Audit, Standard and Governance Committee's Work Programme for 2018/19 be noted, subject to the minor amendments detailed in the preamble above.

The meeting closed at 7.30 p.m.

Chairman