

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

11TH OCTOBER 2018, AT 6.00 P.M.

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

Observers: Mr. C. Scurrall and Neil Preece

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

19/18 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors H. Jones,
R. Laight, C. McDonald and M. Webb.

20/18 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

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

21/18 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT,
STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 23
JULY 2018**

The minutes of the meeting of the Audit, Standards and Governance
Committee held on 23rd July, 2018 were submitted.

In relation to Minute No. 17/18, Councillor S. Peters confirmed that he
did not wish to be appointed as Risk Champion for the ensuing
municipal year. The Chairman stated that consideration in respect of
this would be discussed under Minute No.28/18.

RESOLVED that the minutes of the Audit, Standards and Governance
Committee meeting held on 23rd July, 2018 be approved as a correct
record.

22/18 **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:

- All historic complaints had been resolved locally and since the last meeting of the Committee there had been one complaint which was currently ongoing;
- There had been two sessions planned for the Data Protection training in September and October and 10 Members' in total had attended the training.

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

23/18

GRANT THORNTON SECTOR UPDATE

Neil Preece from Grant Thornton presented the sector update report which outlined the key issues emerging in the public sector.

It was noted that the Social Housing Green Paper aimed to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing could be both a stable base that supported people when they needed it and also support social mobility. The paper proposed fundamental reform to ensure social homes provided an essential, safe, well managed service for all those who needed it.

Arising from Members' questions the following responses were made:

- Some of the elements in regards to the financial resilience index could be considered by the local authority future plans;
- The consultation document proposed scoring of six key indicators. The Committee was informed that the Council needed to look at other authorities which were similar to Bromsgrove when benchmarking;
- The consultation commenced from 24th August, 2018;
- Worcestershire County Council had submitted a bid to become a Business Rate Pilot for 2019/20. From April 2019, selected pilot areas would be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas;
- A six weeks consultation was carried out in regards to the Fair Funding Review. The government was looking for the new system to be simple and transparent to everyone.

It was agreed that a six monthly update report would be presented to the Committee for consideration. Furthermore, the Funding Review report would be presented at the next meeting of the Committee on 24th January, 2019.

RESOLVED that the Grant Thornton Sector Update report be noted.

24/18

FINANCIAL SAVINGS MONITORING REPORT FOR APRIL TO JUNE 2018

The Executive Director of Finance and Resources presented the Financial Savings Monitoring Report for April to June 2018, which outlined the delivery of the savings projected for the full year against the Medium Term Financial Plan (MTFP).

The key points were highlighted as follows:

- it was projected that the savings of £580k for 2018/19 were on track to be delivered during the financial year;
- Savings and additional income from 2018-19 budget were on target to be delivered;

The Committee was informed that the overall budget would be presented to Cabinet for consideration.

Arising from Members' questions the following responses were made:

- It was projected that in quarter 1 the Heads of Service proposed savings were to be identified if they could be delivered during future financial years;
- Fuel and Repairs and Maintenance savings were due to more efficient working lower fuel costs; members requested the level of details to this;
- Clarity was sought on whether the revenue savings could be used for replacement of bins to capital. It was confirmed that Capital could not be used for revenue.

Members were informed that proposals for Burcot Lane housing development would be presented to Overview and Scrutiny Board on 29th October and to Cabinet on 31st October, 2018.

RESOLVED that the Financial Savings Monitoring Report for April to June 2018 be noted.

25/18

ANNUAL AUDIT LETTER 2017/18

Members were presented with the Grant Thornton Annual Audit Letter for the 2017/18 financial year, which outlined the key findings arising from the work carried out at the Council for year ended 31st March, 2018.

It was reported that Grant Thornton gave an unqualified opinion on the Council's financial statements on 27th July, 2018. It also carried out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. The work on this claim was to be completed next week and would be finalised by 30th November, 2018. A report outlining the improvement would be submitted to the Audit, Standards and Governance Committee.

Councillor Cooper welcomed the report and thanked Grant Thornton and the Finance Team for their hard work.

In response to a Member's question, Grant Thornton stated that a risk assessment would be undertaken for those transactions that were identified as a higher risk. It was determined that the materiality for the audit of the Council accounts (including the group accounts) to be £842,000, which is 2% of the Council's gross revenue expenditure.

RESOLVED that the Audit Letter for the year ended 31st March 2018 be noted.

26/18

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 2018/19 of Internal Audit and highlighted the key issues identified. It was reported that there was no additional risks to be reported to the Committee.

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports was logged. The table provided an indication of the action taken against those audits and whether further follow up was planned. Commentary was provided on those audits that had already been followed up and audits in the process of being followed up.

The Committee was provided with an analysis of audit report 'Follow Ups' that had been undertaken to monitor audit recommendation implementation progress by management.

The Committee noted that progress continued to be made towards delivering the Internal Audit Plan and achieving the targets set for the year. As at 31st August, 2018 a total of 63 days had been delivered against a target of 230 days for 2017/18. The performance indicators for the service were agreed by the Audit, Standards and Governance Committee on the 15th March, 2018 for 2018/19.

There was a clear action plan in place which outlined the 'High' and 'Medium' Priority Recommendations Summary for finalised audits. There was no 'high' risk that had been identified.

Arising from Members questions the following responses were made:

- Work was being planned around the closure of accounts. This would be considered in quarter 4 audit progress report. The findings of this scoping would be reported back to Committee;
- The audit work around the Equality and Diversity took longer than expected, this was to ensure that adequate training was commissioned and delivered. There was also a change in the

legislation which had an impact on the delay. The Executive Director of Finance and Resources advised Members that there had been discussions with the Management Team in respect of the length of time that it was taking for some of the audits completion and this was being addressed;

- The Disability Grant audit had not been included in the audit progress report. A follow up report would be submitted to the Committee to explain the cause of this.

Members requested that the information in respect of the follow ups required/not required to be highlighted in bold.

RESOLVED that the Internal Audit Progress Report be noted.

27/18

INTERNAL AUDIT CHARTER

The Head of Internal Audit Shared Services presented to the Committee the Internal Audit Charter. The purpose of the Internal Audit Charter was that Worcester Internal Audit Shared Services set out the standards to which it operated for the Council. It acted as a quality control measure defining and providing details in regard to the purpose, authority, and responsibility of the internal audit activity to those in governance.

A key element of the 2013 standards was having a fit for purpose Charter in place. As part of a recent external assessment it was recommended that certain areas could be enhanced in the Charter to achieve better clarity and transparency.

It was noted that the Charter was last reviewed in July 2017, and would continue to be updated to reflect changing requirements in respect of the Audit Service, Standards and external assessment.

The revised Charter would be presented to Committee annually for Members consideration.

RESOLVED that the revised Internal Audit Charter 2018 be approved.

28/18

APPOINTMENT OF RISK CHAMPION - VERBAL UPDATE

As Councillor S. Peters did not wish to be appointed to Risk Champion, the Chairman asked the Committee for nominations. As there were no other nominations, it was agreed that Councillor S. Colella be appointed to Risk Champion.

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

29/18

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 was scheduled to take place on 24th January, 2019. Grant Thornton advised that the following items be removed:

- Annual Audit Letter;
- S11 Action Plan Update Report

In respect of the meeting scheduled on the 14th March, 2019, it was agreed the following items be removed:

- S11 Monitoring Report
- Housing Benefits Subsidy Account Report 2017/18

The Chairman requested that the Draft Report in respect of Negative Grant be presented at the next Committee meeting on 24th January, 2018 with the final report to be submitted on the 14th March, 2018 for approval.

Councillor C. Allen-Jones asked what impact it would have on the Council if the New Homes Bonus Scheme was not available for next year. The Executive Director of Finance and Resources stated that a report would be submitted to the Finance and Budget Working Group outlining the impact and the risk associated to this.

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

The meeting closed at 7.05 p.m.

Chairman