

# AUDIT & GOVERNANCE COMMITTEE

## Tuesday, 14 January 2020

**PRESENT** – Councillors, McGurk (in the Chair), Whittle, Davies, Fazal, Rawat and Slater, N.

**OFFICERS** – Louise Mattinson, Colin Ferguson, Moshin Mulla and Phil Llewellyn (BwDBC), John Farrar (Grant Thornton).

**ALSO PRESENT** – Councillor Andy Kay, Executive Member for Finance and Governance.

### RESOLUTIONS

#### 26 **Welcome and Apologies**

The Chair welcomed all present to the meeting.

#### 27 **Minutes of the meeting held on 15th October 2019**

The Minutes of the last meeting were moved as a correct record. John Farrar stated that in his opinion, Minute Number 22 was not correct in terms of the following wording “John Farrar confirmed that there would be no additional fees for this work in 19/20”, John indicated that he had not made that commitment. He stated that some of the work required would be recurring and therefore would be an additional cost in future years.

The Chair stated that in her opinion the Minute was accurate and that the additional fees referred to were a one off cost. The Chair, seconded by Councillor Neil Slater then again moved the Minutes as a correct record.

**RESOLVED** – That the Minutes of the Meeting held on 15<sup>th</sup> October 2019 be agreed as a correct record.

#### 28 **Declarations of Interest**

Councillor Ron Whittle declared an interest in Agenda Item 7 – Audit & Assurance Progress Report (School Governor at Roe Lee School).

#### 29 **Significant Partnerships Register**

Mohsin Mulla, Policy and Partnerships Manager, reported on the Significant Partnerships Register, which identified all the significant partnerships the local authority was involved in as per the Audit & Governance Committee’s Terms of Reference, and which was reviewed and updated on a six monthly basis.

Members discussed potential omissions from the Register and also the significance of some the partnerships listed.

**RESOLVED** – That the significant partnerships submitted for inclusion in 2019/20 be noted.

*(Councillor Tasleem Fazal in the Chair).*

**30 External Audit Annual Letter for Year Ended 31<sup>st</sup> March 2019.**

The External Audit Annual Letter for Year Ended 31<sup>st</sup> March 2019 was submitted.

**RESOLVED** – That the External Audit Annual Letter for Year Ended 31<sup>st</sup> March 2019 be noted.

**31 External Audit Progress Report and Sector Update**

John Farrar reported on the progress of Grant Thornton in delivering their responsibilities as External Auditors, and highlighted the emerging issues and developments nationally.

Detailed planning of the 2019/20 audit commenced in January and interim fieldwork would begin in February.

The certification report for the Council's annual Housing Benefit Subsidy claim was issued on 21<sup>st</sup> November 2019, with the report relating to the annual Teacher's return issued on 23<sup>rd</sup> December 2019.

The Committee were advised that they would be kept informed of the independent review into local government audit being headed up by Tony Redmond.

John advised that Grant Thornton had recently recommended that the Audited Accounts deadline should return to the end of September each year, rather than the current deadline of the end of July.

In discussing the report, fees for 20/21 were raised, and John advised that would be liaising with Louise Mattinson as soon as possible on the fees.

**RESOLVED** – That the update be noted.

**32 Audit & Assurance Progress Report November 2019**

The Committee received a report which highlighted the achievements and progress made by Audit & Assurance in the period 1<sup>st</sup> October 2019 to 30<sup>th</sup> November 2019.

Further to discussions at the last meeting, Colin Ferguson updated the Committee on Counter Fraud activity, and Louise Mattinson provided information on the process for Private Care Home Payments via the Mosaic system and explained the circumstances where overpayments to Care Homes were made and how these were recovered. Colin Ferguson agreed to send further information on 28 cases to Councillor Whittle.

**RESOLVED** – That the report be noted.

**33 Risk Management – 2019/20 Quarter 2 Review**

The Committee were advised of risk management activity for the second

quarter – 1st July 2019 to 30<sup>th</sup> September 2019. There were 21 open risks at 30<sup>th</sup> September 2019.

During the year, officers continued to liaise with colleagues across the Council to identify areas to make use of the risk management support that was available from Zurich Municipal as part of the current long term insurance agreement. Colleagues from Zurich Risk Engineering (ZRE) had recently completed reviews of Lone Working arrangements and Inspection Regimes.

The Committee then considered a Corporate Risk to look at the next meeting, and agreed that No.10 which related to Community Cohesion Integration be reviewed.

**RESOLVED** – 1). That the report be noted; and  
2). That Corporate Risk No.10 be reviewed at the next meeting.

**34 Annual Governance Statement (AGS) – Progress of 2018/19 Actions and 2019/20 Approach/Timetable**

Members were informed on progress of the actions taken to address the significant governance issues identified in the 2018/19 AGS and the planned approach and timetable for producing the 2019/20 Statement.

The Accounts & Audit Regulations required that the Council must publish an AGS on an annual basis in accordance with proper practice. The Audit & Governance Committee was also required to review and provide independent assurance on the Council's governance framework.

The following significant issues were noted in the 2018/19 AGS:

- Children's Services Financial Position - action brought forward from 2017/18); and
- Compliance with the General Data Protection Regulation (GDPR) - 2018/19 action).

Details of the progress made to 30 November for each of these areas was provided in Appendix 1. These showed that appropriate steps had been taken by senior officers and managers in respect of the issues identified. However, the strategies taken in Children's Services to address the issue in this area would take time to affect real change and it was forecast that the Portfolio budget would overspend at 31 March 2020. The progress made regarding the action to address GDPR compliance was largely in accordance with the plan. The issue was still assessed as red in the half-year Digital & Business Change Director's Half-year Management Accountabilities Framework (MAF) Dashboard Report. The impact of the actions on this area would not be able to be assessed until the end of Quarter 3.

The approach and timetable for 2019/20 were also outlined.

**RESOLVED** – That the report and approach/timetable for producing the 2019/20 AGS be noted.

## 35 Audit & Governance Committee- Effectiveness Self Assessment

The Committee received the results of the annual assessment of compliance of the Audit & Governance Committee against recognised best practise recommended by CIPFA as well as a summary of Committee members' self-assessments. The results of the various assessments were set out in appendices 1, 2 and 3 to the report.

The details included at Appendix 3 provided a summary of the responses received from the Councillors who have been members of the Committee during the Municipal Year. This also includes a comparison with the results from the 2017/18 and 2018/19 scores. The overall results show that there is a belief by the members that the Committee is operating effectively, with average scores of satisfactory/partly agree or better for most questions.

The Council's Audit & Governance Committee arrangements were largely compliant with the recommended guidance. The only areas where full compliance could not be provided was:

- Question 7: The Committee's current terms of reference does not include reference to the ethical framework.
- Question 18: The Audit & Governance Committee has not obtained feedback from others interacting or relying on its work.

However, it was recognised that that the Committee's Annual Report was presented to Full Council. This presents an opportunity to obtain feedback from Councillor colleagues at least annually.

The evaluation of effectiveness document (Appendix 2) had been completed by the Head of Audit & Assurance. The previous version was appended to the Audit & Governance Committee's annual report considered by this Committee on 25 June 2019. It noted the additional challenge of corporate risks that the Committee now carried out on a regular basis, the senior officer attendance at its meetings to update Members on progress of agreed actions from key reports. It also noted that the Committee now received a Counter Fraud Annual Report.

Across five areas the score was evaluated at 4 out of a possible 5, demonstrating: "clear evidence from some sources that the Committee is actively and effectively supporting improvement across some aspects of this area". For the remaining four areas evaluated, the assessed score was 5, demonstrating: "clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable".

**RESOLVED** – That the Committee note and approve:

- the Audit & Governance Committee's position when compared to the CIPFA good practice checklist (Appendix 1) and the additional actions noted;
- the Evaluation of Effectiveness of the Audit & Governance

Committee, produced by the Head of Audit & Assurance on behalf of the Chair of the Committee (Appendix 2); and,

- the summary results from the individual Committee member self-assessments of the overall effectiveness of the Committee (Appendix 3).

**36 Treasury Management Report 2019/20 – 1<sup>st</sup> September to 30<sup>th</sup> November 2019**

A report was submitted which updated Members with regard to the Treasury Management position to date and draft Strategy for 2020/21. The report summarised the interest rate environment for the period and borrowing and lending transactions undertaken, together with the Council's overall debt position, and the position against Treasury and Prudential Indicators established by the Council.

Louise Mattinson highlighted the recent increase in the cost of long term borrowing through the Public Works Loan Board, advising that short term and long term options would continue to be reviewed. Reference was also made to the recent refinancing of the Phase 2 PFI Scheme which had resulted in a financial benefit to the Council of £971,000. Additionally, it was reported that new employer contribution rates following the triennial valuation of the pension fund would commence from 1<sup>st</sup> April 2020, and options were being considered relating to prepayment savings.

**RESOLVED** – That the Committee note the Treasury Management position for the period and draft Treasury Management Strategy for 2020/1 appended to the report.

Signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed