

AUDIT & CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 26 NOVEMBER 2015

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AUDIT & CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 26 NOVEMBER 2015

Present:

Councillor D Skinner (Chair)
Councillor Mrs C A Smith (Vice Chair)

Councillor B Barnes
“ S J Ellis

Councillor G Butler

Also Present:

Mr B Mason – Executive Director Operations
Ms D Cairns – Senior Governance Officer
Mr T Crawley – KPMG

433 Apologies for Absence

Apologies for absence had been received from Councillor M E Thacker.

434 Declarations of Interest

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and to withdraw from the meeting at the appropriate time.

There were no interests declared at this meeting.

435 Minutes of the Last Meetings

RESOLVED:

That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 24 September and 22 October 2015 be approved as a correct record and signed by the Chair.

436 Report of the Council's External Auditor – KPMG – Annual Audit Letter 2014/2015

The Committee considered the report of the Executive Director Operations which presented the Annual Audit letter 2014/2015 that had been prepared by the Council's external auditor, KPMG.

The Annual Audit letter covered the external auditor's conclusion on the Council's arrangements to secure value for money and the associated risk areas. The Committee noted that an unqualified opinion had been issued on the Council's financial statements and that there were no high priority recommendations raised as a result of the external auditor's 2014/15 audit work.

The Annual Audit letter also gave a summary of the reports issues which included the External Audit Plan, the Certification of Grants and Returns, the Audit Fee letter, the Report to those Charged with Governance and the Auditors report. Information concerning the External Auditors final fees for the 2014/15 audit was also provided.

The representative from KPMG advised the Committee that new guidance had been issued on assessing arrangements for securing value for money and further information would be brought to the Committee on this in due course. The Committee were also advised that the appointment process for external auditors was also to be revised. The current appointment of the external auditors had been extended by one year, however, the new appointment would apply from 2018/19 onwards. The Council therefore was required to begin a process for appointing a new external auditor during 2017. Further information would be provided to the Committee when it became available.

The Committee enquired whether it was within the external auditor's remit to consider the Council's use of consultants and agency staff when considering value for money. The Committee were advised that the external auditor's role was to consider more strategic issues. The Committee discussed whether there can be value for money in using consultants to provide expertise for a particular task or project where the specialism is not provided in house by existing staff. It may appear expensive to use consultants in the short term but longer term it can be value for money rather than employing a full time member of staff. It was also discussed that procurement options were important when considering the use of consultants in order to ensure that best value is obtained.

The Executive Director Operations advised the Committee that as part of the transparency agenda all payments made by the Council over £250 are publicised as well as contracts over £5,000. Where decisions are made in relation to the use of consultants these would normally be delegated decisions or Cabinet decisions which would be subject to call in. It was also open to the Committee to ask internal audit to review the use of consultants and agency staff to advise on the provision of value for money.

RESOLVED:

1. The Committee requests that internal audit undertake an evaluation of the use of consultants and agency staff within the Council and bring a report to the next meeting.
2. That the Committee notes the report and the Annual Audit Letter 2014/2015 from the Council's external auditors.

Interim Head of the Internal Audit Consortium

437 Corporate Plan Targets Performance Update – July to September 2015 (Q2 – 2015/16)

The Committee considered Report No ADCSI/02/15-16/JF which provided a summary of the outturns for the second quarter of the year for the Corporate Plan 2015/19 targets. The report had been considered by Cabinet at its meeting on 28 October 2015.

The report detailed progress on all key tasks and performance indicators that contributed directly to the priorities within the Council's Corporate Plan.

For the period reviewed, 45 of the 55 targets were on track. Seven had not yet started and three had an alert status, which meant the target may not achieve its intended outcome by the target date. The target date for one of the targets had been extended from October 2015 to December 2015. Details of the progress achieved on all of the targets were appended to the report.

The Corporate Plan was in the initial phase of delivery and the reported progress on the targets was indicative at this early stage. Progress was to be reported on a regular basis to Members and an annual report would be provided to Council.

RESOLVED:

That the Committee noted the early progress against the Corporate Plan 2015/19 targets.

Assistant Director –Customer Service and Improvement

438 Revised Budgets

The Committee considered Report No EDO/16/15-16/BM which presented a summary of the revised budget which was approved by Cabinet at its meeting on 25 November 2015. The report provided details of changes in the budget for the General Fund Revenue Account, the Housing Revenue Account and outlined the revised position of the Capital Programme based on Council approvals during the year the re-profiling of some approved schemes.

The Executive Director Operations advised the Committee that since the report was prepared the sale of the Saltergate site had been approved and that this would provide a Capital Receipt and would reduce the revenue expenditure.

The Executive Director Operations also advised the Committee of some of the headline announcements from the Government's Spending Review that may affect the Council and the Medium Term Financial Plan. Further details of the Spending Review were awaited.

RESOLVED: That the Committee noted the report and Council's revised budgets.

439 Risk Management Update, Partnership Working and Strategic Risk Register

The Committee considered Report No EDO/17/15-16/BM which enabled members to consider the report on the Council's Strategic Risk Register which was considered by Cabinet at its meeting on 25 November 2015.

The Strategic Risk Register was reviewed quarterly to ensure emerging risks were identified and to assess existing risks to ensure appropriate mitigation remained in place. A key element which emerged from the Strategic Risk Register was the ongoing requirement to maintain the Council's service delivery performance and governance. It was therefore necessary for the Council's finances to be managed in a pro-active manner to ensure that expenditure remained within the Council's levels of resources.

External factors which impacted on the development of the Strategic Risk Register included the impact of external financial circumstances and the pace of legislative reforms regarding welfare benefits, housing and devolution. Other significant issues within the Strategic Risk Register included the number of planning applications refused by the Planning Committee in respect of the cost of the appeals; the delivery of efficiency savings to maintain service levels with reduced numbers of staff; and the need to secure suitable permanent employees to fill vacancies in key service areas.

The Committee discussed the difficulty of securing suitable permanent employees within particular services. The Executive Director Operations advised that the Council were looking at the way in which vacancies were advertised and also considering apprenticeship schemes. It was noted that funding may be available through the Combined Authorities and the devolution deals to develop new apprenticeship schemes.

RESOLVED: That the Committee noted the Risk Management Update, Partnership Working and Strategic Risk Register report.

Executive Director Operations

440 Key Issues of Financial Governance

The Committee considered Report No EDO/18/15-16/BM which advised members of the progress achieved in addressing the Council's key issues in financial governance. The report included an action plan which covered the most significant issues raised by External Auditors, other inspections or other matters which could impact significantly on the Council's financial governance arrangements.

The external auditors most recent report was positive and gave an unqualified conclusion on the Council's arrangements for securing value for money. The report to those charged with governance also gave a positive conclusion, however, a number of areas were identified which the Council must continue to effectively manage so as to ensure its financial standing would not be undermined. These areas included:

- Achieving the savings target in the Medium Term Financial Plan
- Disposal of the Saltergate site and Mill Lane land to secure projected savings in the revenue budget.
- Mitigating risks and realising benefits for major economic regeneration projects.
- Adapting the housing business plans to reflect the impact of the proposed 1% annual rent reduction.

The Executive Director Operations advised the Committee that the Saltergate site sale had been approved and that the options for the Mill Lane land were being considered over a longer term in order to secure best value.

The Committee also noted that in the latest progress report on the 2015/16 audit plan a number of internal audit reports had received marginal assessments. This gave a clear indication of the need for high standards of internal control.

The report also included details of outstanding debts and the review of existing operating procedures for managing these.

The Executive Director Operations provided an update on the progress against the recommendations in relation to the Health and Safety audit report. The Committee noted that the majority of actions on the recommendations had been completed and requested a further report be brought to the next meeting.

The Executive Director Operations advised the Committee that a report concerning the Council's procedures for sickness absence would be presented once the Council had recruited a new Assistant Director for Human Resources and Payroll.

The Committee had previously requested information on reminders given to people claiming single person discount for their Council Tax. The Executive Director Operations advised the Committee that the Council requests information on any changes of circumstance as part of the annual billing process and that there are a range of validation checks in place to ensure that single person discount is only claimed where appropriate.

The Committee were also advised that a report regarding the Council's assets was being prepared and once agreed by Cabinet the report would also be brought to a future meeting of this Committee.

RESOLVED: That the contents of the Key Issues of Financial Governance report be noted together with the action plan.

Executive Director Operations

441 Urgent Business (Public Session)

The Committee was advised there was no urgent business to be considered in the public session of this meeting.