



## **AUDIT AND GOVERNANCE COMMITTEE**

**MEETING** : Monday, 18th September 2017

**PRESENT** : Cllrs. Melvin (Vice-Chair), Stephens, Morgan, Wilson, H. Norman and Smith

### **Others in Attendance**

Councillor David Norman MBE

Councillor Richard Cook

Matthew Arthur

Darren Gilbert, KPMG LLP

Greg Maw, Financial Services

Stephanie Payne, Group Manager, Audit, Risk and Assurance

Jon Topping, Head of Policy and Resources

Simon Byrne, Democratic and Electoral Services Officer

Atika Tarajiya, Democratic and Electoral Services Officer

Shirin Wotherspoon, Solicitor

**APOLOGIES** : Cllrs. Gravells

### **16. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **17. MINUTES**

Councillor Stephens shared his view that he was pleased the Council have resolved the fine in relation to the Information Commissioner's Office. He enquired as to whether the contractor was to be approached concerning liability. Councillor Wilson suggested this be added to the Action Plan.

### **RESOLVED**

That the minutes of the last meeting held on 19<sup>th</sup> June 2017 be confirmed as a correct record and signed by the Chair subject to correction of a minor typographical error.

### **18. PUBLIC QUESTION TIME (15 MINUTES)**

There were no public questions.

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**19. PETITIONS AND DEPUTATIONS (15 MINUTES)**

There were no petitions or deputations.

**20. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN**

The Committee considered the Action Plan and comment was invited.

A discussion took place as to the position regarding the request for an additional; external audit to review the authority's procedures in relation to statements issued by the Office of the Information Commissioner in consequence of the data breach in 2014.

The Head of Policy and Resource reported that a discussion had taken place with external auditors and it had been determined that the audit would not only to be very expensive but also unlikely that the auditors would be able to carry it out. Councillor Wilson commented that, as redress had been achieved, approaching the contractor to accept liability for costs incurred would be a more preferable course of action.

**RESOLVED: That the Action Plan be amended to reflect the discussion around liability on the part of the contractor.**

**21. KPMG EXTERNAL AUDIT REPORT 2016/17 (ISA 260 REPORT TO THOSE CHARGED WITH WITH GOVERNANCE)**

It was agreed by the Chair that this item be considered prior to agenda item 7.

Members considered the External Audit Report 2016/17.

Darren Gilbert of KPMG summarised the outcome of the audit work. He reported that the audit had gone well and was ready to be signed off once approved by the Committee. KPMG reported that a robust governance structure around Together Gloucester had been achieved and that they were satisfied with the Council's approach with regards to the project. Additionally, Mr Gilbert confirmed that the financial savings as a result of the project restructure would be recognised in the 2017/18 accounts. He concluded by reporting that a key recommendation from the report was the speedy implementation of the new performance management system so Members were regularly kept informed of the Council's performance in relation to the Key Performance Indicators.

Councillor Stephens congratulated the finance team for their work and t suggested that a report on the progress of implementing a performance management framework be bought back to the next meeting of the Committee.

The Head of Policy and Resources informed the Committee that, following an initial meeting with Covalent, Managers were working on developing the new KPI framework. He confirmed that a report on progress in relation to this would be bought to the next Committee meeting.

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**RESOLVED:**

- (1) That the KPMG External Audit Report 2016/17 be approved.**
- (2) That an update on the progress of the implementation of the Performance Management Framework be timetabled into the November 2017 Committee meeting.**

**22. STATEMENT OF ACCOUNTS 2016/17**

The Head of Policy and Resources outlined the Statement of Accounts and advised that they would be signed by Councillor Gravells.

Councillor Stephens expressed concern over the significant savings challenge across the Council. The Head of Policy and Resources acknowledged that the savings targets were challenging and update on progress would regularly be reported back to Members.

**23. ANNUAL GOVERNANCE STATEMENT 2016/17**

The Committee considered the Annual Governance Statement. The Head of Policy and Resources explained that the draft statement had been approved by Members in June 2017 and following this had been subjected to external examination. He noted that there have been no subsequent changes to the report.

**RESOLVED that the Annual Governance Statement 2016/17 be approved.**

**24. INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2017/18**

The Committee considered the report of the Head of Audit Risk Assurance outlining the internal audit activity undertaken to date within 2017/18. The Group Manager of Audit, Risk and Assurance highlighted key findings within the report.

The Officers' Code of Conduct audit outcomes were highlighted and it was confirmed that verbal assurance had been provided by officers that an action plan is in place to implement the audit recommendations. Management update will be reported to the Committee on this area in November 2017.

Councillor Stephens enquired as to whether a Code of Conduct for Members was due to be updated. Members were advised that a list of key documentation requiring update was held by the council and that officers were reviewing them on a priority basis e.g. this was the reason for including the review of the Officers' Code of Conduct within the 2017/18 Internal Audit Plan. Review and update of the Members Code of Conduct would be part of this ongoing process.

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A discussion took place in relation to MGL – confirming the outcomes from both the follow up review and the Value for Money review. The Group Manager, Audit Risk Assurance reported that the Council has actioned six of the original seven audit recommendations and that implementation of the remaining recommendation had been postponed based on appropriate rationale confirmed by officers. Councillor Stephens expressed his view that he was pleased to see significant progress had been made.

Councillor Wilson enquired as to how data is managed as part of the new financial management system. The Head of Policy and Resources highlighted that a shared service was now in use, that all relevant data is available on the new system and, moving forward, relevant data is to be removed.

**The Committee RESOLVED to:**

- (1)** Accept the progress against the Internal Audit Plan 2017/18;
- (2)** Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date;
- (3)** Request senior management attendance at the next meeting of the Committee to provide an update on the actions taken in relation to the recommendations made in the limited assurance report on Officers' Code of Conduct; and
- (4)** Note the outcomes of the Marketing Gloucester Ltd follow up internal audit and the Value for Money review (including the proposal for Internal Audit to undertake a follow up Value for Money review within 2018/19, to enable independent assurance to be provided once the revised governance arrangements have been fully embedded.

**25. DISCRETIONARY RATE RELIEF SCHEME**

The Committee considered the report of the Cabinet Member for Performance and Resources that outlined the Discretionary Rate Relief Scheme.

**RESOLVED that the report be noted.**

**26. STREETCARE CONTRACT MANAGEMENT 6 MONTHLY MANAGEMENT UPDATE**

The Head of Policy and Resources highlighted key areas of the report and requested that the Committee note this update.

The Chair noted the great deal of work undertaken done as demonstrated within the report.

Councillor Stephens commented that it would now be helpful to see progress against the agreed KPIs and queried which Committee this information would be presented to. The Head of Policy and Resources confirmed that this be reported to the Overview and Scrutiny Committee.

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**RESOLVED** that the report be noted.

**27. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

The Committee considered the Audit and Governance Committee Work Programme 2017.

**RESOLVED:** The Audit and Governance Committee Work Programme be amended to reflect the actions as agreed by the Committee.

**28. DATE OF NEXT MEETING**

Monday 20<sup>th</sup> November 2017 at 6.30pm in the Civic Suite, North Warehouse.

**Time of commencement: 6.30 pm hours**

**Time of conclusion: 7.20 pm hours**

**Chair**