



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 19th January 2015

PRESENT : Cllrs. Wilson (Chair), Hobbs (Vice-Chair), Llewellyn, Noakes, Haigh, McLellan and Taylor

Others in Attendance

Darren Gilbert, KPMG LLP

Terry Rodway, Audit, Risk and Assurance Manager

Jon Topping, Head of Finance

Richard Webb

Sadie Neal, Business Improvement and Performance Service Manager

Tanya Davies, Democratic and Electoral Services Manager

Sue Mullins, Head of Legal and Policy Development

Lucy Hamilton, Democratic Services Officer

53. DECLARATIONS OF INTEREST

Councillor Hobbs declared a personal interest in agenda item 7, Combined Heat and Power Installation at GL1, as a Director of GL1.

54. MINUTES

The minutes of the meeting held on 13 November 2014 were approved and signed by the Chair as a correct record.

55. PUBLIC QUESTION TIME (15 MINUTES)

There were no questions from members of the public.

56. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

57. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN

The Committee considered the Audit and Governance Committee Action Plan.

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Councillor Wilson made reference to item 17 on the Action Plan and questioned whether the consultant's report had been received.

Councillor McLellan advised the Committee that the Cultural Services Steering Group had agreed with the recommendations made regarding the purchase of software with a modern stock control facility at The Guildhall.

The Head of Legal and Policy Development advised the Committee that Cabinet had considered the recommendations and had requested further information before making a decision.

The Chair advised the Committee that he expected a decision would be made in advance of the next Committee meeting in March.

RESOLVED that the Action Plan be noted.

58. PEER REVIEW ACTION PLAN

The Committee considered a report of the Cabinet Member for Performance and Resources concerning progress made against the Corporate Peer Challenge.

The Chair enquired whether monthly meetings were held with budget holders. He was advised by the Head of Finance that these were ongoing.

The Chair asked for an update regarding 'pulse checks' with staff and was advised by the Head of Business Improvement and Performance that the first one was due to be rescheduled as a result of the Staff Event overrunning, but that they would be held quarterly as outlined in the Action Plan.

Councillor Haigh questioned whether the items raised at Member sessions would be added to the Peer Review Action Plan. She was advised by the Head of Business Improvement and Performance that it would depend on the nature of the matters and on the feedback received from the Local Government Association.

The Chair advised the Committee that he felt it was necessary for these items to be included. Councillor Llewellyn also suggested that it was important for these items to be monitored on an ongoing basis.

RESOLVED that the report and action plan be noted and that updates be received on a quarterly basis.

59. INTERNAL AUDIT SHARED SERVICE PROPOSALS

The Committee considered a report of the Head of Finance concerning proposals to form an Internal Audit and Risk Management Shared Service between Gloucester City Council, Stroud District Council and Gloucestershire County Council.

The Chair questioned what the current arrangements were for the shared services board and enquired as to its effectiveness. The Audit, Risk and Assurance Manager

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advised the Committee that it was effective and currently included the Section 151 officers from Gloucester and Stroud District Councils. He advised the Committee that the new board would include the Section 151 officers from each of the three members of the partnership.

The Chair enquired whether the timescale provided for the proposed Internal Audit and Risk Management Shared Service was too ambitious. In response, the Head of Finance advised the Committee that service delivery would remain the same in each local authority and a revised structure would be developed and introduced later. He also informed the Committee that the only changes made in the first year would be to governance arrangements.

The Chair raised concerns about the impact the proposals would have on the Committee and questioned whether there would be any differences at the next Audit and Governance Committee meeting.

The Audit, Risk and Assurance Manager advised the Committee that business would continue as usual and that the Committee would still receive the same reports. He also advised the Committee that the shared service would give staff the opportunity to work across Councils and would increase service resilience.

Councillor McLellan questioned whether any conflicts would arise if the partner authorities had different external auditors or by virtue of the fact that the City Council provided services for the County Council.

The Head of Finance and the Audit, Risk and Assurance Manager both assured the Committee that they had not identified any potential conflicts.

Darren Gilbert of KPMG informed the Committee that it was not uncommon for member authorities of a shared service to have different external auditors.

The Chair questioned who staff would report to under the proposed shared service. The Audit, Risk and Assurance Manager advised the Chair that the staff would be employed by the County Council where the service would be managed. He also advised the committee that the Shared Services Board would oversee the arrangements and help resolve any disagreements between partners.

Members of the Committee expressed support for the proposed Internal Audit Shared Service.

RESOLVED that the report be noted.

60. COMBINED HEAT AND POWER INSTALLATION AT GL1

The Committee considered an update from the Asset Manager concerning the combined heat and power installation at GL1. He informed the Committee that following changes made in April 2014, early indications were positive and suggested the situation be reviewed bi- annually or annually when more data was available for review.

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Councillor Hobbs questioned whether the installation had made significant savings in return for the money invested. The Asset Manager advised the Committee that it was difficult to distinguish the savings that had been made, but informed the Committee that indications were positive.

The Chair enquired whether the installation company was still involved in the project. He was advised that the company's only involvement with the installation was through a maintenance contract they had with GL1.

The Chair and Members agreed that the Committee should receive another update on the installation at GL1 when they meet in June.

RESOLVED that the update be noted and that a further update be added to the Work Programme for the June Committee meeting.

61. RISK MANAGEMENT STRATEGY

The Committee considered the report of the Leader of the Council concerning the revised Risk Management Strategy. The Committee noted that the revised strategy included good practice guidance and reflected the changes made to the Council Plan.

The Committee were informed by the Audit, Risk and Assurance Manager that, subject to the approval of the revised strategy, the Corporate Risk Register would be presented to Members at the March Committee meeting.

RESOLVED that the revised Risk Management Strategy be endorsed and recommended to Cabinet for approval.

62. KPMG UPDATE ON GRANTS AUDIT

The Committee received an update on the Grants Audit from Darren Gilbert of KPMG.

Mr Gilbert reported that, in respect of the certification work carried out on the Housing Benefit subsidy claim, a bug had been identified in the Open Revenues system that affected a small number of claims for which the total value was relatively small. He explained that the Department for Work and Pensions had requested some additional work to be carried out, after which, the subsidy claim would be recertified.

The Chair enquired whether the software issue bug had been resolved. The Head of Finance advised that it was an ongoing national issue that had affected every local authority using the system and that Civica IT were in the process of working through the problem. He added that the issue related to the subsidy claim, not the amounts paid out to recipients.

RESOLVED that the update be noted.

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63. INTERNAL AUDIT PLAN

The Committee considered a report of the Audit, Risk and Assurance Manager outlining the audits completed as part of the approved Internal Audit Plan 2014/15.

The Committee noted that the 90% completion target had not been achieved. The Audit, Risk and Assurance Manager advised the Committee that this had been due to the inability to recruit a suitable candidate to a vacant post within the team. He recommended to the Committee that a revised plan be followed for the remainder of the year.

The Audit, Risk and Assurance Manager advised that, in respect of the audit of Members' allowances, some of the recommendation had been implemented and others would be picked up through the implementation of a new Scheme of Allowances for 2015/16 and payroll corrections. Recommendations from the audit of the Docks Catering Service were on hold pending the outcome of the Cultural Services Review.

Councillor Hobbs drew attention to the review of the street care contract. He queried whether there had been any difficulties in completing the review in light of frequent changes to the services delivered through the contract.

The Audit, Risk and Assurance Manager advised the committee that operational delivery statements would be reviewed to ensure that all services being delivered on a day to day basis were included. He informed the Committee that, should any gaps be identified, it would be necessary to revise the operational delivery statements.

Councillor Hobbs queried whether the review would be completed on an annual basis. In response, the Audit, Risk and Assurance Manager stated that once the operational delivery statements were up to date it would be easier to amend annually and to take account of agreed changes.

Councillor McLellan questioned whether there was a commitment from the Internal Audit Shared Service to provide the Council with the resources necessary to deliver the audit plan.

The Audit, Risk and Assurance Manager informed the committee that the proposed shared service would allow for a new plan which would be delivered by a larger team. The Committee were also informed that the shared service would allow skills to be utilised across both Councils. The committee noted that Gloucestershire County Council did not have spare resources or appropriate knowledge of district services meaning the vacant post would be covered by agency staff if necessary.

Councillor Llewellyn questioned why there had been difficulties recruiting to a vacant post within the Audit Team. The Audit, Risk and Assurance Manager advised the Committee that the post came with a competitive salary and that he hoped the prospect of working across Councils would attract suitable candidates in the future.

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RESOLVED

- (1) That Members approve the audit work undertaken to date, and the assurance given on the adequacy of internal controls operating in the systems audited be endorsed.
- (2) That the revised Internal Audit Plan – January 2015 to March 2015, as detailed in **Appendix B**, be approved.

64. AUDIT AND GOVERNANCE WORK PROGRAMME

The Committee considered the Audit and Governance Work Programme.

Members agreed to add a further update on the Combined Heat and Power Installation at GL1 to the work programme for the meeting in June.

Members of the committee expressed concern that the meeting in March may clash with interviews for the Joint Managing Director post.

RESOLVED that the Work Programme be noted.

65. EXCLUSION OF PRESS AND PUBLIC

To resolve:-

“That the press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of this item there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended”.

Agenda Item No.	Description of Exempt Information
14	Paragraph 3: Information relating to the financial or business affairs of any particular person (including the Authority holding that information). Paragraph 7: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

66. EXEMPT MINUTES

The exempt minutes of the meeting held on 13 November 2014 were approved and signed by the Chair as a correct record.

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67. DATE OF NEXT MEETING

Monday, 16th March at 6:30pm.

Time of commencement: 18:30 hours

Time of conclusion: 19:30 hours

Chair