



## **AUDIT AND GOVERNANCE COMMITTEE**

**MEETING** : Monday, 20th June 2016

**PRESENT** : Cllrs. Gravells, Cook, Stephens, Wilson, Taylor, Patel, Pullen and Dallimore Ex- Officio (Substitute for Cllr D. Norman)

### **Others in Attendance**

Darren Gilbert, KPMG LLP  
Theresa Mortimer, Head of Audit, Risk and Assurance  
Shirin Wotherspoon, Monitoring Officer  
Jon Topping, Head of Finance  
Stephanie Payne, Group Manager, Audit, Risk and Assurance  
Atika Tarajiya, Democratic Services Officer

**APOLOGIES** : Cllr D. Norman

### **1. APPOINTMENT OF CHAIR AND VICE-CHAIR**

The appointments of Councillor Gravells as Chair and Councillor Cook as Vice Chair were noted.

The Chair advised Members that he had agreed to consider an urgent item of business to be considered at the end of the meeting.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES**

In response to Councillor Stephens' query regarding the Marketing Gloucester Limited (MGL) assurance final audit report not being included as part of the agenda for this meeting as reported on item 73 of the minutes of the 14th March 2016, the Group Manager for Audit, Risk and Assurance advised that a finalised report would be presented to Audit and Governance Committee on the 19th September 2016. Councillor Wilson noted that the MGL audit was recorded as being completed in the Head of Audit, Risk, Assurance annual report 2015/16, observing that this error would need to be corrected.

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**RESOLVED:**

That the minutes of the meeting held on Monday 14th March 2016 be approved and signed by the Chair as a correct record.

**4. PUBLIC QUESTION TIME (15 MINUTES)**

There were no public questions.

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

There were no petitions or deputations.

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

The Committee considered the Action Plan.

The Head of Finance updated Members with regards to Minute 17. He explained that Civica were planning an upgrade of the security firewalls imminently and provided this was completed successfully, would allow the new software to be implemented across a number of Council services, including Guildhall, Tourist Information Centre and Cemeteries and Crematorium.

In relation Minute item 73, The Head of Finance clarified that the motion, approved by full Council on the 20th November 2014, adopted a policy to pay all staff employed on zero hour contracts the living wage. He advised that this information had been circulated to Members by the Management Accountant as requested.

Councillor Stephens commented that it would be useful to be provided with a breakdown of the services that employ zero hour staff. The Head of Finance confirmed that this information would be circulated to Members.

**7. KPMG INTERIM LETTER**

Darren Gilbert, KPMG reported as there had been no significant issues during the planning and control evaluation phases of the audit plan, it had not been considered necessary to report to Committee on this occasion. He advised that a report was scheduled for the meeting on the 19th September 2016 following finalisation of the City Council accounts. He noted that that a technical update, which had not been available prior to the agenda for this meeting being published, would be circulated to Members and welcomed any questions the Committee might have with regards to this.

Councillor Wilson welcomed the stable position that the City Council was now in and placed on record his thanks to Officers and to everyone involved. The Chair echoed these thanks and noted the marked improvement against previous years.

**RESOLVED:**

That the report be noted.

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**8. POSITION STATEMENT ON STATEMENT OF ACCOUNTS**

The Head of Finance advised the Committee that the accounts had been prepared and were presently undergoing final checks. He explained that they were due to be signed on the 30th June 2016, with KPMG prepared to begin their Audit from the week commencing 11th July 2016. He confirmed, in response to Councillor Stephens' query that the finalised accounts would be circulated to all Members.

**RESOLVED:**

That the report be noted.

**9. BENEFITS AUDIT UPDATE ON ACCURACY RATE**

The Head of Finance reported that an audit of the benefit claims process had been requested by the Committee in the previous year, following concerns regarding the accuracy rate. He reported that following improvements enacted by Officers in partnership with Civica, the accuracy rate had improved considerably. He noted that when discounting inaccuracies of under £3.00, the City Council's inaccuracy rate was substantially lower than other neighbouring authorities.

Councillor Stephens stated that the information previously provided did not detail the negative impact these inaccuracies had on the claimants, noting that a number of these claimants would be in desperate circumstances and relied heavily on the money they received. He also queried whether there was any national bench mark that could be used as a comparable figure.

The Head of Finance advised the Committee, that the original report presented to Members had contained a lot more detail than that provided in the updates since. He advised that there was no national benchmark as local authorities were not obliged to publish this information.

Councillor Taylor acknowledged the impact processing errors could have on claimants and assured Members that the Committee had considered the issue in detail in the previous year and were satisfied with the progress made in improving the inaccuracy rate.

Councillor Dallimore welcomed the concerns raised by Members on the issue, commenting that Gloucester Advice Partnership had also considered this matter and had not found any significant issues in the benefits claim process.

The Chair suggested that it would be helpful for the Committee to consider the issue in 12 months' time, with comparable data from last year and with the inclusion of the additional information requested by Councillor Stephens.

**RESOLVED:**

That the update be noted.

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**10. INTERNAL AUDIT PLAN 2015/16 FINAL MONITORING REPORT**

The Group Manager for Audit, Risk and Assurance highlighted key areas of the report, advising that the Benefits and Payroll audit were finalised post April 2016.

In response to Councillor Pullen's query regarding the criteria for the different recommendations given to each completed Audit, the Group Manager referred the Member to the descriptions of each statement listed in Appendix 1 of the report.

Councillor Wilson expressed his disappointment that the audit of Marketing Gloucester Limited (MGL) had not been completed, though it had been requested approximately 15 months previously. The Group Manager cited the senior management turnover as one of the reasons for the delay in completion, reporting that a report had been drafted and was awaiting responses from Officers before finalisation.

In response to Councillor Stephens' query of whether the report could be circulated prior to the September meeting, The Head of Audit, Risk and Assurance advised that this was not standard protocol as it prevented discussion and reasoned debate. She also commented that it was not within the terms of reference for Council meetings for the finalised report to be presented outside of a formal Committee meeting.

In response to Councillor Pullen's query regarding lessons learnt following issues with the Rugby World Cup ticket allocation, the Head of Finance reported that it was recognised that the process should have initiated much earlier to take into account late changes and requests for variations. Councillor Patel reported that in some cases tickets gifted by Members to their chosen community representative had not been received, such as in the case of the Town Crier and queried what steps would be taken to rectify this situation in the future. Councillor Dallimore acknowledged that there had been a number of issues, mostly relating to finite time scales, and commended Officers for all their efforts in helping to deliver this large project within limited resources.

In response to Councillor Stephens' query regarding the online direct debit registration for Garden Waste referred to in Appendix 1, the Group Manager confirmed that information regarding this would be circulated to Members post Committee.

**RESOLVED:**

That the audit work undertaken to date, and the assurance given on the adequacy of internal controls operating in the systems audited be endorsed.

**11. HEAD OF AUDIT RISK ASSURANCE ANNUAL REPORT 2015/16**

The Group Manager for Audit, Risk and Assurance highlighted key areas of the report. Referring Members to the low levels of client feedback received, she advised that work was underway to improve this figure, noting that the feedback that was received rated the service highly.

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Councillor Stephens commended Officers for their work but expressed disappointment that only 4 client feedback forms out of a total of 29 had been achieved. Referring to Appendix 2, he commented that there was a rising national trend of fraud cases which the 2015/16 figures did not reflect. He queried what action was being taken to market the fraud investigatory team.

The Group Manager advised that the Single Fraud Investigation Service (SFIS), which investigated a large volume of the fraud cases for the City Council, were not included within Appendix 2. The Head of Audit, Risk and Assurance highlighted that a review the Council's Fraud Policy and associated framework would be conducted during 2016/2017, benchmarking the current arrangements against the recently published CIPFA standards and guidance.

In response to Councillor Stephens' request for a detailed breakdown of fraud cases investigated by SFIS could be provided to Members. The Chair queried if this could be considered at the September meeting. The Head of Finance agreed that he would enquire with Department of Work and Pensions who managed the SFIS as to what information they could provide.

**RESOLVED:**

That the assurance provided by the Head of Audit Risk Assurance that a satisfactory level of assurance can be given that there is a generally sound system of internal control in place at the Council (designed to meet the Council's objectives) be endorsed.

**12. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2015/16**

The Chair welcomed the positive work undertaken in the 2015/2016 year and advised the Committee that a review of the terms of reference for Audit and Governance Committee would commence shortly.

In response to Councillor Stephens' query, the Chair reported that Members were appointed to a hearing panel as and when required and membership would be reflective on political balance of the Council's elected Members.

**RESOLVED TO RECOMMEND TO COUNCIL:**

That the Audit and Governance Committee's Annual Report 2015/16 be noted.

**13. TREASURY MANAGEMENT ANNUAL UPDATE 2015/16**

The Head of Finance highlighted key areas of the report commenting that no long term borrowing had been undertaken during the final quarter of 2015/16.

**RESOLVED:**

That the report be noted.

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**14. ANNUAL GOVERNANCE STATEMENT 2015/16**

The Head of Finance highlighted key areas of the report noting that there had been no significant governance issues in 2014/15.

The Head of Audit, Risk and Assurance reported that a review of the governance arrangements would take place following newly released guidance published by CIPFA, and this would come into effect in the forthcoming municipal year.

Councillor Stephens commented that there had been no public consultation undertaken on the proposed governance arrangements outlined in the Devolution deal currently being brokered. He acknowledged that this was a wider issue that needed to be considered more fully by Members and suggested that a wide ranging public consultation exercise, such as a referendum, be undertaken.

Councillor Dallimore concurred with Councillor Stephen's comments acknowledging that the public needed to be consulted on the final devolution proposals. She commented that the format of the public consultation would need to be considered and agreed by Members.

**RESOLVED:**

That the Annual Governance Statement 2015/16 (including the actions planned by the Council to further enhance good governance arrangements), as set out in **Appendix 1**, be approved.

**15. ANNUAL COMPLAINTS MONITORING REPORT**

In response to Councillor Pullen's query regarding the increase in complaints, the Head of Finance advised that the rise of complaints were not as result of a change in reporting procedures.

In response to Councillor Stephens' request for a detailed breakdown of complaints relating to the Amey and NMS environmental service, Councillor Cook explained that an audit of the Amey contract was due to be undertaken and would consider all unmet KPIs. The Head of Finance commented that the NMS Environmental service was linked directly to the Amey contract.

The Chair invited all Members to come forward with any pieces of assurance work that they wanted the Committee to consider, cautioning them to take into account internal audit resources available. He suggested that the terms for the reference for the Amey contract be reviewed by the Committee prior to the work being undertaken.

**RESOLVED:**

That the report be noted.

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**16. ANNUAL STANDARDS REPORT**

The Monitoring Officer advised Members that whilst she has dealt a few concerns, she had not been required to investigate any formal Member conduct complaints. She noted that training had been offered to all Members, with further training currently being arranged.

**RESOLVED:**

That the update be noted.

**17. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

The Head of Audit, Risk and Assurance reported that the as the Chief Internal Auditor for Gloucestershire County Council and Gloucestershire Police, the work approach she adopted in these organisations had been assessed by the Chartered Institute of Internal Auditors and was found to be 100% compliant with the Public Sector Internal Audit Standards 2013. She advised that provided the same approach was adopted, the City Council would also be deemed to be fully compliant.

**RESOLVED:**

That the Internal Audit Quality Assurance and Improvement Programme be adopted.

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

The Committee considered the Work Programme.

The Chair noted that the work programme would need to be amended to reflect the incorporate the review of the Amey audit when completed.

**19. URGENT ITEM OF BUSINESS**

The Monitoring Officer summarised key areas of the report advising Members that the dispensation, if granted, would only be relevant for the meeting of the Council on the 30<sup>th</sup> June 2016. She advised that Cheltenham Borough Council and Tewkesbury Borough Council were also in the processing of taking similar reports to their respective Committees.

**RESOLVED:**

That authority be delegated to the Monitoring Officer, in consultation with the Chairman and Vice- Chairman of this Committee, to determine applications for dispensation which are made by Members of the City Council in order to participate in the business to be conducted at the meeting of the Council on 30 June 2016.

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**20. DATE OF NEXT MEETING**

Monday 19<sup>th</sup> September 2016 at 6:30pm.

**21. URGENT ITEM OF BUSINESS**

**Time of commencement: 6.30 pm hours**

**Time of conclusion: 7.37 pm hours**

**Chair**