



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 19th September 2016

PRESENT : Cllrs. Gravells (Chair), Stephens, Wilson, Taylor, Patel, Pullen and Norman (Ex-Officio)

Others in Attendance

Councillor Lise Noakes, Cabinet Member for Culture and Leisure

Darren Gilbert, KMPG

Theresa Mortimer, Head of Audit, Risk and Assurance

Jonathan Lund, Corporate Director and Monitoring Officer

Jon Topping, Head of Finance

Andrew Cummings, Management Accountant

Greg Maw, Financial Accountant

Stephanie Payne, Group Manager – Audit, Risk & Assurance Shared Service (ARA)

22. DECLARATIONS OF INTEREST

There were no declarations of interest.

23. MINUTES

In response to Councillor Stephen's request for a detailed breakdown of fraud cases investigated by Single Fraud Investigation Service (SFIS) (minute 11), the Head of Finance gave Members a detailed breakdown for years 2014/15 and 2015/16 provided by the Department of Work and Pensions, who manage the SFIS. The Head of Finance agreed to circulate the details to Members.

RESOLVED:

That the minutes of the meeting held on Monday 20 June 2016 be approved and signed by the Chair as a correct record.

24. PUBLIC QUESTION TIME (15 MINUTES)

The Chair reported that public questions had been received and that the questions, together with the Council's written responses, had been circulated to Members and others in attendance, prior to the start of the meeting. The Chair ruled that the questions and answers, as circulated, be taken as read.

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The questioner challenged the Chair's decision and asked to speak. In response the Chair pointed out that in accordance with the constitution, a question could be asked and answered without debate.

Councillor Declan commented that as the questions and answers had only been circulated just before the meeting, Members did not have time to read them. This was acknowledged by the Chair.

25. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

26. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN

The Committee considered the Action Plan

In relation to Action Plan Minute Item 101, the Group Manager, Audit, Risk and Assurance confirmed that information regarding the deadline for Garden Waste online direct debit registration had been circulated to Members on 23 June 2016.

27. INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2016/17

Prior to the Head of Audit, Risk and Assurance reporting on Internal Audit activity in relation to the approved Internal Audit Plan 2016/17, the Group Manager, Audit, Risk and Assurance reported specifically on the final audit report from 2015/16 audit plan – Marketing Gloucester.

The Group Manager, Audit, Risk and Assurance reported that, as resolved at the meeting of the Audit and Governance Committee on 16 March 2015, the 2015/16 Internal Audit Plan included a Marketing Gloucester internal audit to ensure consideration and review of a partnership organisation within the Plan. During audit planning, the potential scope of the audit was discussed with officers and it was confirmed that a Value for Money review approach would be useful. Due to initial review findings identifying weaknesses within the Council's governance arrangements in place with the Company, a full VFM review and opinion could not be completed. The resulting detailed audit report and assurance level provided is in relation to the Council's arrangements, processes and controls (governance framework) in place with Marketing Gloucester at the point of audit.

The Cabinet Member for Culture and Leisure (Councillor Noakes) reported that she was grateful to the Group Manager, Audit, Risk and Assurance for the work on the Marketing Gloucester audit. Councillor Noakes updated Members on the work of Marketing Gloucester, particularly the events activities which were having a positive impact on visitor numbers to Gloucester. Councillor Noakes assured Members that processes were in place to capture data in order to understand and report on the value of events.

In answer to a question from Councillor Wilson, Councillor Noakes confirmed that Marketing Gloucester partnership quarterly performance reviews had been taking place since March 2016. Though these were not public meetings Councillor Wilson

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requested that Members of the Audit and Governance Committee be given sight of the papers.

Councillor Stephens expressed disappointment with the 'unsatisfactory' assurance level due to a significant breakdown in governance and controls in place within Marketing Gloucester and stressed the importance of having SMART targets in performance management. He acknowledged that a significant amount of taxpayer money was being paid to Marketing Gloucester noting that it was important there was evidence of value for money.

The Corporate Director confirmed that the legal documents and financial management arrangements were now up to date and in place and that there was now a rigorous performance management framework in place, including SMART targets.

The Head of Audit, Risk and Assurance confirmed that the follow up of the Marketing Gloucester internal audit recommendations was planned to be completed in January 2017, with update to be provided to Audit and Governance Committee in March 2017, and that the VFM work would be completed as part of the 2017/18 Audit Plan.

The Head of Audit, Risk and Assurance took Members through the Internal Audit Activity Progress Report 2016/17 and reported that there were no major issues to be brought to the Committee's attention. The high level summary of actions would be updated through the year and reported at this Committee.

In answer to a question from Councillor Stephens regarding the Zero Hours Contracts audit, the Head of Audit, Risk and Assurance reported that the scope of the audit was to ensure correct processes were adhered to rather than to review the Council's policies on using zero hour contracts. Following discussion it was agreed that a short report from officers be brought to the November 2016 meeting regarding the current policy on zero hours contracts and the criteria for their use. Councillor Norman reported that this had already been raised at Council, at which there had been a full report.

In answer to a question from Councillor Stephens regarding the level of sundry debt, the Head of Audit, Risk and Assurance agreed that a breakdown on this would be provided to Members.

RESOLVED

That the following be noted:

- 1 The progress against the Internal Audit Plan 2016/17
- 2 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

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28. KPMG EXTERNAL AUDIT REPORT 2015/16 (ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE)

It was agreed by the Chair that this item be considered prior to item 8 on the agenda.

Members considered the External Audit Report 2015/16.

Darren Gilbert, KPMG reported that the 2015/16 External Audit Report was unqualified, with no recommendations, and that the Statement of Accounts 2015/16 and accompanying letter of representation would need to be signed. He particularly noted that the audit report was very positive and the audit had been delivered very smoothly, on time and within the audit fee.

In response to a question from the Chair, the Head of Finance explained that a piece of work was being undertaken by Democratic Services to review service performance in order to improve the presentation of the performance reporting to ensure that relevant information was available. He noted that a report will be taken to Overview and Scrutiny.

On behalf of the Committee, the Chair congratulated the Finance team on the excellent work they had undertaken and requested that the Committee's thanks be conveyed to the team.

29. STATEMENT OF ACCOUNTS 2015/16

The Members considered the draft Statement of Accounts and accompanying letter of representation presented to the City Council's external auditors.

The Head of Finance confirmed that the Statement of Accounts 2015/16 had been audited, these were then signed by the Chair and the Head of Finance.

30. CHANGES TO THE ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS

Members considered the report of the Head of Finance outlining options for the appointment of the Council's External Auditor for the 2018/19 statement of accounts.

In response to a question from Councillor Wilson regarding the deadline of December 2017 for the appointment of External Auditors, the Head of Finance agreed that he would clarify the date and would report back to Members.

RESOLVED

To endorse and RECOMMEND to Council the option to opt-in to the Public Sector Audit Appointments Ltd (PSAA) as the Sector Led Body (SLB) for the appointment of the Council's External Auditors from 2018/19.

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31. UPDATE TO THE AUDIT AND GOVERNANCE COMMITTEE TERMS OF REFERENCE

The report of the Head of Audit, Risk and Assurance was considered by the Members. The proposed revised Audit and Governance Committee's Terms of Reference reflected the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees Practical Guidance for Local Authorities and Police 2013, the Public Sector Internal Audit Standards (PSIAS) 2016 and further clarity around the Committee's Governance role.

RESOLVED:

That the Audit and Governance Committee recommend that, subject to any further amendments, the Terms of Reference as set out in Appendix 1 be approved.

32. BUSINESS RATES POOLING REPORT FOR 2015-16

Members considered the report of the Cabinet Member for Performance and Resources summarising the Business Rates Pool outturn position for the 2015/16 financial year.

RESOLVED:

That the 2015/16 outturn position and performance of the Gloucestershire Business Rates Pool be noted.

33. LOCAL GOVERNMENT OMBUDSMAN DECISIONS

The report of the Ombudsman in respect of two recent Ombudsman investigations was considered by Members.

Councillor Stephens questioned why the Council had taken 11 months to investigate one of the complaints, which had been acknowledged by the Ombudsman as excessive. The Head of Finance accepted that it had taken too long, and confirmed that steps had been taken to prevent this happening again.

RESOLVED:

- 1 The contents of the report be noted
- 2 It is satisfied that appropriate steps have been taken to address the findings and that no further action needs to be taken by the Council.

34. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Work Programme was noted by the Members.

35. DATE OF NEXT MEETING

The date of the next meeting was confirmed for 21 November 2016 at 6.30pm in the Civic Suite, North Warehouse.

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Time of commencement: 6.30 pm hours
Time of conclusion: 7.40 pm hours

Chair