



Gloucester City Council

AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 12th March 2018

PRESENT : Cllrs. Gravells (Chair), Melvin (Vice-Chair), Stephens and H. Norman

Others in Attendance

Accountancy Manager
Cabinet Member for Communities and Neighbourhoods
Community Wellbeing Manager
Corporate Director (Service Transformation)
Head of Policy and Resources
Project Solace Team Leader
Group Manager, Audit Risk Assurance (ARA)

Democratic and Electoral Services Team Leader

APOLOGIES : Cllrs. Morgan and Wilson

60. DECLARATIONS OF INTEREST

60.1 There were no declarations of interest.

61. MINUTES

62. PUBLIC QUESTION TIME (15 MINUTES)

62.1 There were no public questions.

63. PETITIONS AND DEPUTATIONS (15 MINUTES)

63.1 There were no petitions or deputations.

64. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN

64.1 The Committee considered the Action Plan.

64.2 In relation to minute 35, the Corporate Director (Service Transformation) referred the Committee to the briefing note which had been circulated in advance of the meeting. He drew to Members' attention that Marketing Gloucester and Gloucestershire Airport Limited were governed by Company

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law. He stated that the Gloucester Culture Trust presented an annual report to Council and that partnership agreements were in place for the delivery of other services.

- 64.3 With regard to minute 50, the Head of Policy and Resources reported that the Council had not lost money to the DWP as a result of error sampling and advised that a benefit accuracy report would be brought to the next Committee meeting.
- 64.4 Referring to minute 51, the Head of Policy and Resources stated that the government had recently issued treasury management guidance and that the Council would be required to update the Public Investment Strategy and the Capital Investment Strategy. He advised that the Council had until the end of March 2019. Councillor Stephens enquired as to whether there would be a specific report on proportionality and the Property Investment Fund or would it just include the capital strategy. The Head of Policy and Resources add that a ten-year capital strategy would be drawn up and that Member would be fully informed – a matter that was recognised by central government.
- 64.5 With regard to minute 56, the Committee was informed that data was still being collated. Additionally, the Committee was referred to the written answer circulated prior to the meeting.
- 64.6 **RESOLVED:-** That the Audit and Governance Committee note the report.

65. MANAGEMENT UPDATE AS TO ACTIONS TAKEN IN RESPECT OF THE RECOMMENDATIONS MADE WITHIN THE PROJECT SOLACE LIMITED ASSURANCE REVIEW

- 65.1 The Community Wellbeing Manager provided an update with regard to the recommendations made within the Project Solace Limited Assurance Review. She reported that significant movement had been made towards the recommendations and that and that partnership working was well underway.
- 65.2 The Community Wellbeing Manager advised that KPIs had been agreed although they had not been signed off. She further advised that an information sharing agreement was available and she felt that significant progress had been made in a short space of time. Councillor Watkins (Cabinet Member for Communities and Neighbourhoods) stated that she was very proud of the project and that it was a very good example of partnership working.
- 65.3 Councillor Stephens expressed his belief that this would require re-examination in six months' time as it was too early to assess whether the recommendations were working. The Group Manager (ARA) advised that the 2018/19 Audit Plan proposed follow up of the Project Solace internal audit recommendations.
- 65.4 The Chair stated that he was pleased that the recommendations had been implemented so quickly. He agreed that it should be reviewed in six months and thanked the Project Solace team for their hard work.

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65.5 RESOLVED:-

- (1) That the Audit and Governance Committee note the Management update in respect of the recommendations made within the Project Solace Limited Assurance Review, and;
- (2) That a further update be schedule for the September 2018 meeting.

66. TREASURY MANAGEMENT STRATEGY

- 66.1 The Committee considered the report of the Cabinet Member for Performance and Resources and the Accountancy Manager provided an overview of its contents. He advised that Treasury Management was a matter that Council was required to examine in order to manage borrowing.
- 66.2 The Accountancy Manager advised that the Council's Treasury position changed during the year due to the property deal at King's Walk. He further advised that funds had been placed into the CCLA and that the report in front of the Committee advised Members of under-borrowing. Further, the Accountancy Manager stated that the Treasury position was the same in terms of the Public Investment Scheme and the Capital Investment Strategy.
- 66.3 Councillor Stephens stated that he would welcome some training in this regard as it was important that Members understood the detail of Treasury Management. The Chair concurred and stated that he would like to see updates and explanations on such matters at the beginning of each Committee meeting.

67. ANNUAL RISK MANAGEMENT REPORT 2017/18

- 67.1 The Committee considered the report of the Head of Audit Risk Assurance which provided Members with an update on the Council's risk management activities. The Group Manager (ARA) drew attention to the Strategic Risk Register and confirmed that Appendix 1 was the Council position as at 13th February 2018.
- 67.2 The Group Manager (ARA) stated that this risk register had last been presented to Committee in November 2017 and that change had occurred since that point. For example 'delay to delivery of the Joint Core Strategy' has now been removed from the Strategic Risk Register.
- 67.3 Councillor Stephens queried how, given recent disruption, risk associated with refuse collection had been reduced. The Corporate Director (Service Transformation) advised that the Strategic Risk Register risk 9 was related to emergency planning and that the risk score was reduced due to continued work with the County Council. With regard to refuse collection, he confirmed that the Council had committed to a 'lessons learnt' report and that this was considered operational risk rather than strategic.

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- 67.4 The Chair queried whether the Audit team examined civil contingency. By way of example, he raised previous flooding and the matter of what the public should do in the event of a civil emergency. He stated that, previously, plans had been drawn up for emergencies. He further queried at what point the Committee could have the Audit team examine such matters.
- 67.5 Councillor Norman stated that this was something that should be considered as she had never herself come across any provision for emergency planning.
- 67.6 The Corporate Director stated that, in the event of an emergency, the first port of call for people is the emergency services. He further stated that plans which applied more than ten years ago could bear no relation to the present. He suggested looking at such provision and holding a briefing for all Members. The Chair concurred. Councillor Stephens suggested including such information during the induction period for newly elected Members.
- 67.7 The Group Manager (ARA) confirmed that the 2018/19 Audit Plan proposed a Business Continuity Planning internal audit, to review the Council's arrangements in place designed to ensure that as far as possible it can continue to operate the critical elements of the service in the event of disruption.
- 67.8 **RESOLVED:-**
- (1) That the Audit and Governance Committee note the report, and;
- (2) That an all Member briefing on emergency planning be arranged within 21 days.

68. INTERNAL AUDIT ACTIVITY 2017/18 - PROGRESS REPORT.

- 68.1 The Committee considered the report of the Head of Audit Risk Assurance. The Group Manager (ARA) summarised two months of audit activity outcomes which included Discretionary Housing Payments (DHP), Gloucester Lottery and King's Quarter. She further advised that good progress had been made against the 2017/18 Audit Plan to date.
- 68.2 Councillor Stephens expressed concern that the DHP allocation had not been utilised to its fullest extent. He stated that it was such an important benefit given the roll out of Universal Credit and queried why the Council had spent less than half its allocation.
- 68.3 Councillor Stephens expressed further concern that the individual who had been recruited to the Temporary and Homeless Accommodation Benefit Officer position had not taken up the post and queried why this was the case. Councillor Stephens also questioned whether the public was being signposted to the correct services. He stated that he would like sight of how many DHP claims had been refused and what was classed as income when a claim was assessed. The Chair agreed and stated that he was disappointed with the position.

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- 68.4 The Head of Policy and Resources advised that information on the refusals of claims would be provided as well as information from other districts on how they spent their DHP allocation.
- 68.5 In respect of the Gloucester Lottery, Councillor Stephens queried why the bank statements of the client account had not been provided. The Chair also queried why these had not been provided. The Head of Policy and Resources advised that a data agreement was in place and that the Council would comply with data protection legislation. He stated that the Council received a breakdown of both monies and the rolling prize fund each week. He further stated that the Council's audit team had assured the finance team that this was good practice.
- 68.6 Councillor Norman stated that she was content with the arrangement as the Gloucester Lottery operated in a highly regulated industry and suggested having sight of the Gambling Commission's report. In addition, the Group Manager (ARA) confirmed that current external lottery manager professional indemnity and public liability insurance certificates had been provided for audit review.
- 68.7 The Head of Policy and Resources advised that the breakdown of expenditure was: 60% to good causes, 17% for an administration fee, 3% VAT and 20% was spent on lottery prizes. In response to a query from Councillor Stephens as to whether access to bank statements could be inserted into the contract, the Head of Policy and Resources stated that he would check with One Legal.
- 68.8 **RESOLVED:-**
- (1) That the Audit and Governance Committee note the report,
 - (2) Information on the refusals of claim and information from other districts on they spent their DHP allocation would be circulated as well as information from other districts on how they spent their DHP allocation, and;
 - (3) One Legal to be consulted on whether a requirement to receive bank statements could be inserted into the Gloucester Lottery contract and what the implications of doing so would be.

69. INTERNAL AUDIT PLAN 2018/19

- 69.1 The Group Manager (ARA) provided an overview of the report which gave the Committee a summary of the proposed Risk Based Internal Audit Plan.
- 69.2 She outlined that consultation work had been undertaken with management and that Committee input had also been obtained. By way of example, she highlighted the Great Place funding review which was as a result of Committee discussion and request. She further highlighted that the 2018/19 Plan included follow up audits where a 2017/18 audit resulted in a limited assurance opinion e.g. Project Solace and the Officer Code of Conduct.

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69.3 The Group Manager (ARA) advised that the Plan is dynamic and will be reviewed with officers and Committee on a regular basis in year, to consider risks on an ongoing basis and appropriately prioritise audit activities (e.g. new activity requests).

69.4 **RESOLVED:** - That the Audit and Governance Committee approve the report.

70. ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE (CHAIR'S REPORT)

70.1 The Committee considered the Chair's Annual Report and no further comment was made.

70.2 **RESOLVED:-**

That the Audit and Governance Committee approve the Chair's Annual Report.

71. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

71.1 The Committee considered the work programme.

71.2 **RESOLVED:-**

That the Audit and Governance Committee note the work programme.

72. EXCLUSION OF THE PRESS AND PUBLIC

72.1 **RESOLVED** - 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 Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended.

73. AMEY KPIS AND PENALTIES PROVISIONS

73.1 The Corporate Director referred Members to the KPIs and penalties which had been agreed with AMEY and which had been circulated prior to the meeting.

73.2 The Corporate Director stated that he hoped it gave Members reassurance that AMEY was expected to perform highly.

73.3 The Vice-Chair stated that it was positive the Council had got to this position and thanked officers for their hard work in achieving this.

73.4 **RESOLVED:-** That the Audit and Governance Committee note the updated KPIs and penalty provisions.

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74. DATE OF NEXT MEETING

74.1 23rd July 2018 at 6.30pm in the Civic Suite, North Warehouse.

Time of commencement: 6.00 pm hours

Time of conclusion: 7.50 pm hours

Chair