



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 11th March 2019

PRESENT : Cllrs. Gravells (Chair), Melvin (Vice-Chair), Brooker, Smith, Stephens, Taylor and Wilson

Others in Attendance

Corporate Director (Service Transformation)
Head of Policy and Resources
Head of Audit, Risk and Assurance
Democratic and Electoral Services Team Leader

APOLOGIES : Cllrs. D. Norman

54. DECLARATIONS OF INTEREST

54.1 There were no declarations of interest.

55. MINUTES

56. PUBLIC QUESTION TIME (15 MINUTES)

56.1 There were no public questions.

57. PETITIONS AND DEPUTATIONS (15 MINUTES)

57.1 There were no petitions or deputations.

58. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN

6.1 The Committee considered the Action Plan. Members were informed that a scoping document in relation to examining the efficacy of Members appointed to outside bodies by the Council would be provided at the July Committee meeting.

6.2 A briefing document which detailed the recommendations made by the Committee and their resulting actions was provided to Members. It was

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suggested that it would be appropriate to consider this as part of agenda item 11.

- 6.3 The Chair encouraged Members to suggest areas where training would be of benefit and Members were made aware of the upcoming Member development session on risk management.
- 6.4 **RESOLVED that:** - The Audit and Governance Committee **NOTE** the Action Plan.

59. TREASURY MANAGEMENT STRATEGY

- 59.1 The Head of Policy and Resources presented the reports on Treasury Management and the Capital Strategy and highlighted key aspects.
- 59.2 Councillor Wilson queried whether any hedging had been considered in relation to the UK's proposed withdrawal from the European Union. The Head of Policy and Resources advised that, as it stood, there had been no advice to do so and that not doing so was not creating an issue.
- 59.3 Councillor Stephens noted that £15m had been allocated to the Property Investment Strategy for 2019/20. He stated that details of investments had not been disclosed, that it was not known what due diligence had been conducted and that it was necessary to receive assurance in this matter.
- 59.4 Councillor Stephens further stated that he would not be comfortable in recommending the report to Council when it was not known what investments had been made. He also stated that significant increases in capital expenditure were in the report, but it did not detail what these increases were.
- 59.5 The Head of Policy and Resources advised that he could not go into the details of commercially sensitive deals. He further advised that due diligence was always carried out and had been in this case also. The Head of Policy and Resources stated that part of his role was to ensure that funds were not at risk and that the Council would not make deals which risked these funds. He also advised that such assurances were provided in the Capital Strategy. The Head of Audit, Risk and Assurance advised that there was a proposed audit of the Property Investment Strategy, the details of which would be circulated, but this would not begin until the deals were completed.
- 59.6 **RESOLVED that:-** The Audit and Governance Committee **APPROVE** the Treasury Management Strategy.

60. CAPITAL STRATEGY

- 60.1 **RESOLVED that:** - The Audit and Governance Committee **NOTE** the Capital Strategy.

61. ANNUAL RISK MANAGEMENT REPORT 2018/19

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61.1 The Committee considered the report. The Head of Audit, Risk and Assurance advised that, due to organisation change, risk management was being embedded throughout the Council.

61.2 **RESOLVED that:** - The Audit and Governance Committee **NOTE** the report.

62. INTERNAL AUDIT ACTIVITY 2018/19 - PROGRESS REPORT

62.1 The Head of Audit, Risk and Assurance presented the report and welcomed questions.

62.2 Councillor Wilson noted that there was a query in relation to the cash collection service being lost. The Head of Audit, Risk and Assurance advised that the information was not available at the time of publication but that a procurement exercise was underway.

62.3 The Chair queried why there were outstanding actions in relation to the Employee Code of Conduct. The Corporate Director and the Head of Audit, Risk and Assurance advised that further work was required and was planned for the near future.

62.4 **RESOLVED that:** - That the Audit and Governance Committee **NOTE** the report.

63. INTERNAL AUDIT PLAN 2019-20

63.1 The Head of Audit, Risk and Assurance provided an overview of the report and highlighted that an audit of the Property Investment Board would be conducted in due course. She advised that the Internal Audit Plan was based on robust discussions with the Senior Leadership Team and the approach would be disseminated through new service plans and managers.

63.2 Councillor Stephens stated that he would like to examine what the Culture Trust had been spending and was advised that this was considered in the 2018/19 audit.

63.3 Councillor Wilson queried whether ad hoc risk were covered by the plan. The Head of Audit, Risk and Assurance advised that, where there was change, the audit team would focus on those areas. She further advised that cyclical programmes would be prioritised according to risk.

63.4 The Chair encouraged Members to submit ideas of what areas internal audit could examine. The Head of Audit, Risk and Assurance confirmed that plans could be changed and that the audit plan was a dynamic document.

63.5 **RESOLVED:** - That the Audit and Governance Committee **APPROVE** the Internal Audit Plan 2019-20.

64. REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND GOVERNANCE COMMITTEE

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- 64.1 The Head of Audit, Risk and Assurance introduced the report. She advised that CIPFA had issued new guidance on what constituted an effective Audit and Governance Committee and highlighted key changes.
- 64.2 The Head of Audit, Risk and Assurance stated that the Committee met the new standards but that the Terms of Reference would need amending in order to provide for an independent Member, should the Committee wish to appoint. There was also a suggestion to have the Chair be a Member from a party which was not the administration. She also advised that it would be useful to evaluate individual Committee Members' ability anonymously. With Members' agreement, she stated that she would organise an anonymous survey for members to complete.
- 64.3 The Corporate Director advised that a piece of work could be conducted on how the Committee could be more effective and could then decide whether to engage an independent Member. The Head of Audit, Risk and Assurance advised that many Committees had independent Members.
- 64.4 Councillor Stephens stated that he could see the advantage in having such a Member but that it would be necessary to have a specific skill set. He also stated that it would be important to establish a robust process for appointing an independent Member. Councillor Stephens also shared his view that the document provided to Members in respect of recommendations made be incorporated annually.
- 64.5 Councillor Melvin restated the need for the work of the Committee to not be party political and that it would be appropriate to take officer advice with regard to a potential appointment of an independent Member.
- 64.6 **RESOLVED that:** - The Audit and Governance Committee **NOTE** the report.

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

- 65.1 The Committee considered the Annual Report. The Chair thanked Members for their endeavour throughout the year and all officers involved in assisting the Committee.
- 65.2 **RESOLVED that:** - The Audit and Governance Committee **APPROVE** the Annual Report of the Audit and Governance Committee.

66. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

- 66.1 The Committee considered the Work Programme. The Corporate Director highlighted that a scoping document on the efficacy of Members appointed to outside bodies by the Council would be delivered to the Committee at the meeting scheduled to take place in July 2019.
- 66.2 Members were also informed that the Housing Benefit subsidy report by KPMG would be presented at the July meeting.

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66.3 **RESOLVED that:** - The Audit and Governance Committee **NOTE** the Work Programme.

67. DATE OF NEXT MEETING

67.1 22nd July 2019 at 6.30pm in the Civic Suite, North Warehouse.

Time of commencement: 6.30 pm

Time of conclusion: 7.45 pm

Chair