



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 14th March 2016

PRESENT : Cllrs. Llewellyn, Gravells, McLellan, Hobbs, Taylor and Hampson

Others in Attendance

Darren Gilbert, KPMG LLP
Terry Rodway, Audit, Risk and Assurance Manager
Theresa Mortimer, Head of Audit Risk Assurance
Sadie Neal, Head of Business Improvement
Andrew Cummings, Management Accountant
Atika Tarajiya, Democratic services Officer

APOLOGIES : Cllrs. Patel and Norman

64. DECLARATIONS OF INTEREST

There were no declarations of interest.

65. MINUTES

RESOLVED:

That the minutes of the meeting held on 18th January 2016 be approved and signed by the Chair as a correct record.

66. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

67. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions or deputations.

68. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN

The Committee considered the Action Plan.

The Audit, Risk and Assurance Manager noted that he had addressed the actions arising from minute items 58 and 61 in his email to Members on the 1st March 2016.

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The Head of Business Improvement updated the Committee with regards to Minute 17. She advised that the system had been purchased, with a target implementation date for the end of April 2017, acknowledging that the delay in implementation had been caused by incompatible hardware. She reported that a test environment would be applied for a period of two weeks to ensure the system was fully functional, commenting that staff had been receiving training in the meantime.

Councillor Hobbs queried whether there were any checks, to ensure that staff leaving the organisation had security permissions withdrawn to prevent them from accessing secure systems, noting that there had been instances in the past when this had been overlooked. The Head of Business Improvement reported that the respective policy on this was currently being reviewed and would be shared with staff across organisation through the refreshed Net Consent software. She commented that withdrawal of security permissions also formed of the audit process that managers were monitored against.

The Chair was encouraged to note the progress that had been made in implementing the software.

69. BENEFIT AUDIT UPDATE ON ACCURACY RATE

The Head of Business Improvement presented Members with an update on the benefit accuracy rate. She reported that the internal changes implemented following the audit in the previous year, had demonstrated an improvement in the accuracy rate. She reported that the City Council took into account any inaccuracies regardless of the size, unlike other authorities within the district that discounted inaccuracies of £3.00 and under. She summarised by noting that accuracy rates remained an ongoing KPI with Civica as part of the wider performance management.

In response to the Chair's query regarding the 10% benchmark rate, the Head of Business Improvement advised that this figure was set at the start of the contract with Civica and was a benchmark that other authorities in the district also worked too.

Councillor McLellan advised that the Committee had previously been informed that only Cheltenham Borough Council (CBC) discounted inaccuracies of £3.00 and under. The Head of Business Improvement reported that currently CBC, Stroud District Council and Tewkesbury all implemented the same policy.

Councillor Gravells stated that the City Council's accuracy rates would be more likely to be comparable if a policy similar to other councils were to be implemented. He noted that a like for like comparison could not be made due to these differences. The Head of Business Improvement reported that it had been deemed to be appropriate to improve the overall accuracy rate, before considering any changes to the policy. She acknowledged the difficulty in data comparison which was further hindered by the lack of national data.

The Committee requested a breakdown of inaccuracies rates for the previous year, both with and without inaccuracies of £3.00 and under discounted.

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RESOLVED:

That the update be noted.

70. KPMG - EXTERNAL AUDIT PLAN 2015/16

Darren Gilbert, KPMG summarised key areas of the report, advising Members that based on new guidance issued by the National Audit Office, a new approach for the VFM Audit would be applied from the 2015/16 audit year. He reported that this was broadly similar to the previous approach with some differences in the criteria. He summarised by explaining Matthew Arthur had now joined the team and had significant experience in working in partnership with Local Authorities.

In response to Councillor McLellan's query regarding future issues with the Business Rates Pool, the Management Accountant reported that this remained unknown but that the pool continued to monitor the levels of appeals very closely.

In response to Councillor McLellan's query regarding the frequency of other authorities experiencing similar appeals to that of the successful Virgin Media appeal, Darren Gilbert, KPMG replied that this was considered unusual. He noted that there were not many authorities in a shared pool, an inherent risk of which was to increase exposure to risk. He reported that many authorities were however experiencing an increase in business rates appeals.

71. KPMG - EXTERNAL AUDIT TECHNICAL UPDATE

Darren Gilbert, KPMG reported that CIPFA had issued greater clarity on the Code of Practice on Transport Infrastructure Assets which would exempt City Council from this requirement. He noted that this would prevent substantial costs from being accrued.

In response to Councillor Gravells' query why the Better Care Fund Support Programme had been included within the report, Darren Gilbert, KPMG explained that it was a piece of work that had been carried out by the firm that was considered to be of interest, acknowledging that this was a service area that the City Council were not directly responsible for.

Councillor Gravells stated that the research undertaken on the housing provision was insightful and suggested that it be shared with Officers and the appropriate Cabinet Member to aid with policy development. The Committee acknowledged the usefulness of the research and agreed that it should be shared with the Cabinet Member for Housing and Planning for comment.

RESOLVED:

That the report be noted.

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72. INTERNAL AUDIT PLAN 2015/16 - MONITORING REPORT

The Audit, Risk & Assurance Manager highlighted key areas of the report, advising that he was confident of achieving the target of 90% completion of the 2015/16 Annual Audit Plan. This had been possible with the aid of additional temporary resources within the team.

Councillor McLellan referred to the Information Governance audit in Appendix 1 of the report. He stated that select Members had not been made aware that information relating to them personally would be made public following a FOI request, which had subsequently appeared in a local media article. He also noted that he had been misinformed of which service area dealt with FOI requests. The Audit, Risk and Assurance Manager advised that work was underway to refresh the current FOI policy which was out of date and which, when updated, would be shared with all staff.

Councillor McLellan's queried which service area dealt with FOI request and whether responses were subject to quality control before release. The Audit, Risk and Assurance Manager explained that Democratic Services had recently taken over acting as a focal point for FOI requests, with the appropriate service area compiling an individual response. He was unaware if some measure of quality control was applied on responses, and confirmed that he would query this with the Democratic Services Manager and circulate a response to Members via email.

In response to the Chair's query regarding the alleged theft at one of the Council's outstations, the Audit, Risk and Assurance Manager provided Members with brief details relating to the case. He assured Members that the Service Manager had agreed to implement the recommendations arising from the Audit and commented that a follow up audit in the new financial year would review whether these were in place.

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.

73. INTERNAL AUDIT PLAN 2016/17

The Audit Risk & Assurance Manager highlighted key areas of the report, advising that the proposed Plan was risk based and had input from a number of managers. It was a dynamic plan that potentially could change due to in-year demand.

In response to Councillor McLellan's query regarding the Shared Service working arrangements, The Head of Audit Risk Assurance advised that the team would work across Stroud District Council, Gloucestershire County Council, Gloucestershire Police and the City Council, noting that this would aid professional development and ensure best practice was shared with all partners.

Councillor Hobbs queried why an audit of zero hour staff had been included in the plan, stating that that Council had passed a motion to prevent individuals being employed on zero hour contracts. The Management Accountant reported that he

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was unsure if this was the case, as there were staff employed at Guildhall and Blackfriars on zero hour contracts who assisted with events being held there.

The Committee requested clarification on the motion resolved by Council and a breakdown of the service areas employing zero hour staff.

In response to Councillor McLellan's query regarding Marketing Gloucester Limited (MGL), the Audit, Risk & Assurance Manager reported that Officers were in the process of carrying out an audit of MGL, results of which would be reported to Members at the next Committee meeting.

In response to Councillor Gravell's query regarding implementing findings from national institutions or groups, the Audit, Risk & Assurance Manager reported that the service formed part of the Midlands Chief Auditors Group, who exchanged views and shared best practice where appropriate.

The Head of Audit Risk Assurance confirmed that all priority 1 audits had been included within the plan, in response to Councillor Gordon's query.

RESOLVED:

That the Internal Audit Plan 2016/17 as detailed in Appendix 1 be approved.

74. INTERNAL AUDIT CHARTER

The Head of Audit Risk Assurance reported that the Charter had been refreshed based on the Shared Service arrangements and was required to comply with Account and Audit Regulations 2015 and the Public Sector Internal Audit Standards 2013. She confirmed that the Charter applied to all partners within the Shared Service.

Councillor Gravells referred Members' attention to the statement under Other Activity within the Internal Audit Charter. He noted that this was open statement which broadened the scope of the Audit Team. The Head of Audit Risk Assurance agreed with this statement, acknowledging that the team could be called to consider aspect of the City Council's service that were based around risk.

The Chair highlighted the importance of training for Members, to aid understand the full scope and remit of the Audit Committee.

RESOLVED:

That the Internal Audit Charter and IA Code of Ethics be adopted.

75. ANNUAL RISK MANAGEMENT REPORT

The Audit, Risk & Assurance Manager summarised key areas of the report, noting that a review has been planned for 2016/17 using the latest ISO 31000 risk management standard.

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In response to Councillor McLellan's query regarding a progress update on the risk champion role, Councillor Gravells reported that he had been offered training but had been unable to attend due to scheduling conflicts. The Head of Audit, Risk and Assurance highlighted that risk management training was open to all Members.

In response to the Chair's query regarding training for new members of staff, The Head of Audit Risk Assurance advised that an Auditor Lead had been allocated to each directorate, working closely with Officers, attending team meetings and provided 1-2-1 sessions and who would be aware of recent staff changes.

RESOLVED:

- (1) That the risk management arrangements in place for the past year be noted.
- (2) That the proposals for future development of risk management be endorsed.

76. TREASURY MANAGEMENT STRATEGY

The Management Accountant highlighted key areas of the report noting that that the Council's position over the past twelve months has changed considerably. He explained that this was predominantly due to the £62.75m of historic debt being written off following the successful completion of the housing stock transfer.

RESOLVED TO RECOMMEND TO COUNCIL:

That the Treasury Management Strategy be approved.

77. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Committee considered the Work Programme.

78. ANNOUNCEMENTS

The Chair advised Members that Gloucestershire County Council were offering training on Audit Committee Effectiveness in June or July 2016. The Committee agreed that this would be useful training that should be open to all Members of the Audit Committee to attend.

The Committee placed on record their thanks to the departing Audit, Risk & Assurance Manager in recognition for his 42 years of service in local government, with the last 28 years being spent at the City Council, and in particular for his support with the Audit and Governance Committee.

The Chair reported that his last day would be April 28th 2016, noting that she had worked with him for eight years. She expressed her thanks for the support he provided to her, both as Chair of Audit and Governance Committee and as a Cabinet Member.

The Audit, Risk & Assurance Manager thanked the Committee for their comments.

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Councillor Gravells thanked the Chair, who would be stepping down as a Councillor at the forthcoming election, for her hard work as Chair of the Audit Committee and wished her a happy retirement.

Councillor McLellan thanked Councillor Hobbs, who would be stepping down as a Councillor at the forthcoming election, for his contribution as Vice-Chair and Member of the Audit Committee.

79. DATE OF NEXT MEETING

Monday 20th June 2016 at 6:30pm.

Time of commencement: 6.30 pm hours

Time of conclusion: 8.05 pm hours

Chair