

Audit, Governance and Standards Committee

Thursday, 28 January 2016

MINUTES

Present:

Councillor David Thain (Chair), Councillor Jane Potter (Vice-Chair) and Councillors Natalie Brookes, Michael Chalk, John Fisher, Andrew Fry, Gareth Prosser (during Minute No.'s 29 to 41), Rachael Smith and Yvonne Smith

Parish Councillors Alan Smith and Slade Arthur – Feckenham Parish Councillor Representative & Deputy Representative for Standards (non-voting co-opted members of the Committee)

Dave Jones – Independent Member for Audit and Governance (non-voting co-opted member of the Committee)

Also Present:

Zoe Thomas and Richard Percival (Grant Thornton – External Auditors)

Officers:

Andy Bromage, Claire Felton, Lisa Gallagher, Jayne Pickering, Amanda Singleton and Paul Stephenson

Committee Services Officer:

Debbie Parker-Jones

29. CHAIR'S OPENING REMARKS

The Chair welcomed Mr Richard Percival, Grant Thornton's new Engagement lead for the Council, together with the Feckenham Parish Council representatives, to the meeting.

30. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillor Pat Witherspoon, who was substituted by Councillor Yvonne Smith.

.....
Chair

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

Megan Harrison, Independent Person for Standards and informal observer to the Committee, also tendered her apologies.

31. DECLARATIONS OF INTEREST

There were no declarations of interest.

32. MINUTES

The minutes of the meeting of the Audit, Governance and Standards Committee held on 24th September 2015 were submitted.

In relation to Minute No. 23 – Statement of Accounts 2014/15 – Mr Jones asked whether, in light of the general response which had been given at the meeting regarding the £27k Inventories (which also represented a 10% increase over the previous year's figure), there could be further scrutiny of this. Officers agreed to look into the position and to report back to Members on this.

RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on 24th September 2015 be confirmed as a correct record and signed by the Chair.

33. MONITORING OFFICER'S REPORT - STANDARDS REGIME

Members received a report from the Monitoring Officer outlining the current position in relation to standards regime matters.

It was noted that no complaints against Members had been received since the previous meeting of the Committee in September 2015.

RESOLVED that

the report be noted.

34. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME

Parish Councillor Slade Arthur, Deputy Feckenham Parish Council Representative, stated that there was nothing of relevance to update the Committee on in relation to the Parish Council. However, he wished to express thanks on both his and Parish Councillor Alan Smith's behalf for the support which they had

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

received from Claire Felton and her team on relevant Parish Council legal issues.

RESOLVED that

the position be noted.

35. GRANT THORNTON - PROGRESS UPDATE

Members received an update report from Grant Thornton on progress they had made in delivering their responsibilities as the Council's external auditors. The report also provided an insight into emerging national issues and developments which might be of relevance to the Council in the future.

Richard Percival stated that this would be the last meeting which Zoe Thomas, Grant Thornton Audit Manager, would be attending. Suzanne Joberns was due to take over the Audit Manager role and would be attending Committee meetings from April onwards.

Zoe Thomas presented the update report and advised that Grant Thornton's opinion on the 2014/15 accounts had been issued on 16th December 2015; some time after the statutory 30th September deadline. The Annual Audit Letter which appeared later in the agenda provided further detail on the reasons for the delay. An updated Audit Findings Report had been presented to the Chair of the Committee prior to the accounts being approved by him under the delegated arrangements agreed at the 24th September 2015 Committee meeting. Statutory s11 recommendations had been issued reflecting Grant Thornton's concerns, to which the Council was required to publish a response, and progress against which should routinely be reported to the Committee and to the Chair of the Committee between meetings. Grant Thornton's Value for Money conclusion had also been issued on 16th December, the opinion for which had been qualified due to the Council being deemed as not having adequate arrangements in place to demonstrate financial resilience.

Grant Thornton had certified the Council's housing subsidy claim on 18th December, after the departmental deadline of 30th November, further details of which appeared in the Certification Report later in the agenda. A number of errors had been identified as part of this work, the impact of which had been reported to the Department of Work and Pensions (DWP) in the qualification letter. It was likely that the DWP might request further information from the Council as a result of this and could possibly require additional external audit work for this. Some subsidy might be withheld as a result of the

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

qualification letter and due to the amount of additional work undertaken Grant Thornton would be requesting additional fees, the level of which had still to be agreed but which it was reported would be significant.

For the 2015/16 Accounts Audit Plan, the scale fee had been set at £57,960, which compared to a fee of £77,280 in 2014/15, with an anticipated grant fee of £10,529 for audit of the Council's housing subsidy claim. The fees assumed that the accounts would be prepared on time, supported by a good standard of working papers and with staff availability as agreed. In response to a Member's question regarding the problems encountered with the 2014/15 audit, and the position in relation to the 2015/16 audit, Officers stated that they had formulated a very clear action plan to address the issues raised, with a view to minimising any possible problems with the 2015/16 audit.

Officers had in place an action plan to address the 2014/15 concerns raised by Grant Thornton, and Grant Thornton would consider progress against the action plan as part of their interim audit work in Spring 2016. Officers would be reporting throughout the year on the Council's progress against the s11 recommendations, which Grant Thornton would also consider as part of their ongoing reporting to the Committee.

Grant Thornton planned to undertake their interim audit in January and February 2016 and to start work on the final accounts audit in July 2016, with the Audit Findings report due to be presented at the September meeting. The scope for the Value for Money conclusion had changed this year and Grant Thornton would be undertaking a risk assessment on this shortly.

In relation to the emerging national issues and developments section of the report, Mr Jones commented that some of the links in the report did not appear to be working. Zoe Thomas therefore agreed to send the reports referred to at agenda pages 28 and 29 to Mr Jones.

RESOLVED that

the report be noted.

36. GRANT THORNTON - CERTIFICATION WORK REPORT 2014/15

Members were presented with the Grant Certification Letter 2014/15.

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

The external auditors advised that they had certified the Housing Benefit Claim for 2014/15 and that the claim had been qualified due to a number of issues and recommendations made for improvement. The housing subsidy audit had been protracted due to a large number of errors having been found in both the claims and the cases tested as part of the audit. Where errors had indicated an overpayment of subsidy the errors, together with the extrapolated impact of the errors, had been included in the qualification letter issued to the Department for Work and Pensions (DWP). Some of the errors also indicated underpayment of benefit to claimants, however those were not reported to the Department as there was no over-claim of subsidy. Grant Thornton's Grant Certification Letter had been issued to the DWP on 18th December 2015.

Grant Thornton responded to Member questions on the approach they had undertaken to complete the certification work. The external auditors were planning to meet with Officers in the near future to agree a detailed action plan for future audits, which would cover:

- weaknesses in benefits processing identified as part of case testing;
- improvements to subsidy claim preparation; and
- arrangements to streamline the audit.

As most of the current financial year had already passed it was likely that some of the weaknesses identified would be present in the 2015/16 benefits and subsidy claim.

Owing to the problems encountered with the 2014/15 audit both Officers and the external auditors had had to undertake a considerable amount of work in order for the claim to be certified. This would result in a significant variation to the audit fee, the figure for which had still to be agreed with Officers and Public Sector Appointments Ltd.

RESOLVED that

the Grant Certification Letter for 2014/15 be noted.

37. GRANT THORNTON - ANNUAL AUDIT LETTER 2014/15 AND ACTION PLAN

Mr Percival presented the Annual Audit Letter 2014/15. This summarised the external auditor's key findings and

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

recommendations from the work carried out as part of the final accounts for the year ended 31st March 2015.

Grant Thornton had reported their findings arising from the audit of the financial statements in their Audit Findings Report to the 24th September 2015 meeting of the Committee. However, due to the delay in completion of the audit they issued a revised Audit Findings Report on 16th December 2015 to Officers and the Chair of the Committee. The key messages arising from the audit were that Grant Thornton had issued:

- an unqualified opinion on the accounts, albeit after the statutory deadline of 30th September;
- a qualified Value for Money conclusion; and
- four recommendations under s11 (3) of the Audit Commission Act 1998.

The s11 recommendations required a formal response from Officers to ensure that the Council was taking appropriate action to address the significant issues identified, details of which were set out in the Officer Action Plan appended to the report. Mr Percival spoke on the s11 recommendations and the reasons for these. The recommendations focused on:

- the need for the Council to put in place robust arrangements for the production of the 2015/16 financial statements;
- the development of a comprehensive project plan for the preparation of the accounts;
- the establishment of robust arrangements to ensure that the budget preparation processes were based on sound assumptions to enable an accurate forecast to be made of budget outturn, including realistic assessments of demand factors, service and demographic changes and sound assumptions around turnover and vacancy rates; and
- the need for timely budget monitoring processes to enable an accurate in-year forecast of likely year-end outturn and any action to be taken to address budget variances.

Members noted the management responses to the recommendations and the separate Officer Action Plan appended to the report. Mr Percival explained that it was the Committee's role to ensure that robust arrangements were in place for production of the 2015/16 accounts, and that Grant Thornton expected the Action Plan to be referred to all meetings of the Committee to monitor progress against this. Given the nature of Mr Percival's comments the Chair requested a written summary of the comments, which Mr

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

Percival agreed to provide for both the Chair and members of the Executive.

In response to Members' questions Mr Percival stated that he was happy with the Action Plan drawn up by Officers, however the implementation of this and a clear demonstration that things were progressing with this was key. Not only was it a question of Officers needing to catch up on the issues highlighted following the 2014/15 audit, but of also needing to move a step ahead in anticipation of the requirement to submit accounts earlier in future years.

Officers responded that this was the first year the accounts had been submitted late and that there had been a number of reasons leading to this. Officers had spoken with both Grant Thornton and Members on the reasons for this. All of the deadlines detailed in the Officer Action Plan to date had been met and there had been full and frank discussions with members of the finance team on the problems which had arisen. There would be a 'soft close' of the accounts at the end of February and Suzanne Joberns, Grant Thornton's new Audit Manager for the Council, would be asked to look at the position from a quarterly perspective. Professional support had been procured and two qualified accountants would be working on the final accounts. Officers provided clarification on questions raised by Members and highlighted some of the issues which had led to the accounting problems and the actions taken to address these. It was also noted that, notwithstanding the issues highlighted, the Council had adequate levels of reserves and had a forward financial plan, which were the key reasons why Grant Thornton had assessed the Council as being financially resilient in the medium-term.

Mr Percival stressed the need for the Council to be on top of budget control and management, and for the issues surrounding this to be addressed. Regarding regular monitoring of the s11 Action Plan, Officers welcomed a monthly meeting between themselves, Grant Thornton, the Chair and Vice-Chair of the Committee, Mr Jones (Independent Member for Audit and Governance and Lead Risk Member for the Committee) and Councillor Fisher, Portfolio Holder for Corporate Management, which the Committee supported. In light of this the Committee agreed an addition to the second report recommendation to show that the s11 Action Plan be approved and regularly monitored (by the abovementioned group).

RESOLVED that

- 1) the Annual Audit Letter at Appendix 1 to the report be noted; and**

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

- 2) the s11 Action Plan at Appendix 2 to the report be approved and regularly monitored.

38. SINGLE FRAUD INVESTIGATION SERVICE - PRESENTATION

Officers gave a detailed presentation on the Single Fraud Investigation Service (SFIS) and Local Authorities and the Future of Fraud Investigation.

Members heard that the date of transfer to the SFIS for the Council was 1st February 2016. Whilst Housing Benefit Fraud would move to the SFIS, local authorities would continue to be responsible for Council Tax Support Scheme investigations and the administration of housing benefit and council tax support, including the recovery of overpayments. The authority would also still continue to deal with National Fraud Initiative data matching work and Police requests for information. The SFIS would need to liaise with the Council on relevant issues and a resource would need to remain for this, meaning that a large amount of work overall would continue to be undertaken by the Council.

The Council was therefore retaining all of the existing fraud investigation staff, who in addition to the above work would also be looking at income-generation within the Council, for example, Council Tax Discounts, Council Tax Reduction Scheme investigation and sanction, Business Rates avoidance and evasion and Council Tax penalties and premium.

The main potential impact of the SFIS changes on the Council would be:

- reduction in identified Housing Benefit overpayments;
- increase in undetected fraud;
- loss of subsidy;
- increase in written-off Housing Benefit overpayments;
- reduction in identified fraud and error related subsidy;
- reduction in Housing Benefit Administration Grant; and
- no resource to protect Council Tax Support Scheme if all investigation staff transferred to DWP.

There was understood to be a huge amount of potential fraud across the country, with what was believed to be only 5% of fraud nationally being identified. There were a number of examples of local authorities needing to put staff back in place following transfer to the SFIS. Therefore it was intended to retain the Council's existing fraud staff (which equated to 3.3 full-time equivalent

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

members of staff shared with Bromsgrove District Council) in the Council's employ. This would assist with retaining local expertise for the work which the Council still had to carry out and the staff in question were already looking at areas of work to maximise income. An unavoidable pressure had been built into the budget given the reduction in Department of Work and Pensions (DWP) funding, and as only a small amount of funding would in future come from the DWP the Council's efforts on that work would be adjusted accordingly.

Officers would firstly look to any 'quicks wins' in terms of income generation, for example, long-term empty properties which also affected the New Homes Bonus. Officers would in future be taking to Members reports which focussed on the Fraud Investigation Team's new areas of work, with it no longer being the responsibility of Officers to report on Housing Benefit fraud.

RESOLVED that

the presentation be noted.

39. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2016/17 TO 2018/19

The Committee received, for recommendation to full Council, the Treasury Management Strategy Statement and Investment Strategy 2016/17, the Prudential Indicators 2016/17-2018/19 and the Treasury Management Policy Statement. Subsequent to the draft report which appeared in the main agenda papers, and following finalisation of the budget figures, a final updated version of the report had been published in advance of the meeting.

Officers presented the report and in doing so highlighted the treasury management risks as detailed in paragraph 3.3 of the report. The Council took a relatively low risk approach to its investments and Officers explained the rationale behind the Approved Investment Counterparties set out in the report. The Council purchased advice from Arlingclose Limited, an independent treasury advisory company, whom a member of staff had daily dealings with.

A new development for monitoring and reporting of the Treasury Outturn and Prudential Indicators was that Officers would report to the Executive on treasury management activity and performance, and on the following Performance Indicators:

- quarterly against the Strategy approved for the year;

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

- the Authority's production of an outturn report on its treasury activity by no later than 30th September after the financial year end; and
- the Executive to be responsible for the scrutiny of treasury management activity and practices.

Officers advised that they would also report to the Committee on the above.

Mr Jones made the following requests for Officers to take away and consider:

- liquidity risk (paragraph 3.3 of the report) – a request for the Committee to be provided with both a cash flow forecast and cash flow output; and
- Borrowing Strategy (paragraph 4.2 of the Strategy) – a request for confirmation of the percentage amount which the Council was borrowing at.

In relation to the Investment Objectives Strategy at paragraph 5 of the Strategy and the objective to seek the highest yield on investments, Mr Jones queried how the Council would measure this and whether Officers had considered any other strategies in this regard, for example, long-term borrowing. Officers advised that the Council had adopted a local authority approach, in conjunction with advice obtained from Arlingclose Limited. A benchmark could be provided against other clients, which if being presented to Committee might need to be a confidential item, or Officers could email Members separately on this.

Members queried whether the appendices to the report were complete as some elements which had appeared in the original draft report did not appear in the updated version. Officers stated that they would double-check the position with this but that the final updated version of the report and appendices, which had been circulated to Members as Additional Papers, were the correct versions.

RECOMMENDED that

- 1) the Strategy and Prudential Indicators at Appendix 1 to the updated report be approved; and**
- 2) the Treasury Management Policy at Appendix 2 to the updated report be approved.**

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

40. CORPORATE DASHBOARD OF MEASURES - PRESENTATION

Officers advised that, as reported to Members in advance of the meeting, the Corporate Dashboard of Measures presentation had unfortunately had to be withdrawn from the agenda owing to difficulties with Officer attendance.

Officers advised that a request had been made by Councillor Potter, Vice-Chair of the Audit, Governance and Standards Committee and Chair of the Overview and Scrutiny (O&S) Committee, for the same presentation to be given at the 12th April O&S Committee, which Officers had confirmed they would be in a position to attend and to which an open invitation would be extended to all Members. As such, and in order to avoid Officer duplication, Members were asked whether they would be in agreement to the presentation being removed from the Audit, Governance and Standards Committee's Work Programme. Members could instead then attend the presentation which was due to be given at the 12th April O&S Committee if so minded.

RESOLVED that

the Corporate Dashboard of Measures presentation be removed from the Audit, Governance and Standards Committee's Work Programme and Members of the Committee, including Mr Jones, be invited to attend the same presentation at the 12th April 2016 meeting of the Overview and Scrutiny Committee.

41. INTERNAL AUDIT - PROGRESS REPORT

The Committee considered the Internal Audit Progress Report. The report presented Members with progress on internal audit work for 2015/16.

Officers presented the report and highlighted the audit reports which had been issued/completed since the previous progress report on 24th September 2015, together with audit work which was currently ongoing. Summary reports for ongoing audits would be referred to future meetings of the Committee in the usual manner, and Officers advised that there were no exceptions to report to Members. Appendix 4 to the report set out the medium and high risk priorities and recommendations which had arisen in relation to completed audits, with there being no high risk recommendations on this occasion.

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

Mr Jones queried the addition of two Key Performance Indicators (KPIs) for the period 1st April to 31st December 2015 at Appendix 2 to the report, which he noted had not been approved by the Committee and had not appeared in the previous progress report. Officers explained that the additional KPIs had recently been requested at, and agreed by, the Client Officer Group of the Worcestershire Internal Audit Shared Service (WIASS). Officers attended the Client Officer Group, along with representatives of the other local authorities and organisations covered by the WIASS, and it had been agreed that the additional KPIs would be taken to all relevant Committees/reporting bodies as a matter of course.

Mr Jones queried the monitoring and control processes for the additional KPIs and whether there was a percentage figure, which if performance fell below would represent a significant drop. If such a figure did not exist Mr Jones queried whether the Client Officer Group could agree a figure for this for monitoring purposes. Officers agreed to discuss this issue with Mr Jones outside of the meeting, and commented that Members needed to be mindful of the partnership that existed with the WIASS under the wider shared service arrangements.

A question was raised by the external auditor as to the relevance of the 'Critical Review' based audits as no assurance level was given to these and they did not form part of the audit plan. Officers responded that there was not a set percentage of the plan which was Critical Review based, and that owing to the internal audit environment it was necessary to constantly review the work which was being undertaken and to make a judgement on that work to ensure that value was being added as a result of this, which sometimes meant that Critical Review work was more appropriate than formal audit work. Officers advised that a relatively small amount of time was spent on Critical Review audits. In order for Members to ascertain the levels of formal audit and Critical Review work which was being undertaken, Officers agreed to include the percentage amounts of each (i.e. where assurance levels were and were not being given) in future reports.

A Member queried what appeared to be lack of action on two high priority recommendations in relation to fees and charges and income reconciliation for Land Charges under the Planned Follow Ups at Appendix 3 of the report. Officers agreed to check with the relevant Head of Service in this regard and to report back to Members on this. Under the same section, a Member queried the reason for the delay in relation to the separation of duties in the cashing-up process at Forge Mill Museum, which Officers also

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

agreed to check with the relevant Head of Service and report back to Members on.

RESOLVED that

subject to the required Officer follow-up action as detailed in the preamble above, the report be noted.

42. INTERNAL AUDIT - DRAFT AUDIT PLAN 2016/17

Members received the draft Internal Audit Operational Plan for 2016/17, together with the Key Performance Indicators (KPIs) for the Worcestershire Internal Audit Shared Service for the same period.

Officers introduced the report and advised that the final Plan would be presented to the next meeting of the Committee. The Plan aimed to provide the best possible coverage of audits, including any high risk areas, and the Senior Management Team had been consulted on this. There was no proposed reduction in the number of audit days for 2016/17, as had been the case over the previous couple of years. Officers wished to assure Members that 400 audit days was deemed to be the appropriate amount in order to provide sufficient coverage for the authority, with some other districts factoring in only 200 days of coverage. Officers added that they would re-think the KPIs for 2016/17 in light of the comments raised earlier in the meeting by Mr Jones.

Officers responded to general questions raised by Members in relation to the Plan, including the Main Ledger, Budgetary Control and Bank Reconciliation element of this. In relation to the budget, Officers stated that managers would in future need to have better ownership of budgets.

The external auditors commented that it was the role of the Committee to ensure that internal audit were addressing the issues and concerns that Members wanted them to, and that in light of the s11 recommendations discussed under the Annual Audit Letter 2014/15 and Action Plan earlier in the evening, Members might want to consider adding time into the Plan on progress against the s11 recommendations. Officers stated that this was why the draft Plan was brought to Members; to allow for any such inclusions should Members so wish. As agreed earlier in the meeting, the Committee had already supported the establishment of the s11 recommendations/budget monitoring group comprising the s151 Officer, Grant Thornton, Chair and Vice-Chair of the Committee, Mr Jones and Councillor Fisher. Councillor Fisher added that any

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

other Members who wished to have input into the meetings were welcome to do so. Officers agreed that additional audit time linked to the s11 recommendations would be built into the final Plan, which would be referred to the April meeting of the Committee for approval.

RESOLVED that

subject to the Officer follow-up action as set out in the preamble above, the report be noted.

43. DEBT RECOVERY UPDATE - QUARTERS 1 AND 2 2015/16

Members considered a report on the collection and recovery processes of the Council's Income Team and the Council's outstanding debt levels.

Officers stated that they were unable to provide some of the debt recovery data previously requested by Members as there had been problems with the new finance system which had impacted on the work of the income team, meaning there was an issue with reporting mechanisms. Officers had focussed on billing and debt recovery as their key priorities and had managed to produce the same debt recovery data as had previously been referred to the Committee.

Former tenancy arrears, the debt process recovery for which was extremely labour intensive and which recovered only a relatively small amount of cash, had increased for 2015/16 as the Council had not been able to commit the same level of resources to these as previously. The Council's migration in March 2015 to the new financial services system had created a huge amount of additional work and put considerable strain on available resources in respect of invoicing and debt recovery. Recovery action had now resumed and any outstanding debts would be pursued in the normal manner. Officers were working on a number of debts which had been thrown up as a consequence of migration to the new system, to ensure that debts were being recovered where possible.

The new system had improved the invoicing and recovery process, with the majority of debts payable within 28 days and with standardised recovery paths in place for all debts. The vast majority of customers were paying the money that they owed to the Council within the expected terms, with the number of outstanding invoices being low. It was hoped that greater details on the reporting of debts outstanding against credit terms would be possible in the future, however it had not yet proven possible to

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

extrapolate this data in a useable format from the new system, with the work necessary to provide this being considerable.

Mr Jones queried whether the age of debts from a due by date was falling. Officers stated that they wanted to have this information as soon as possible and Members stated that they hoped to see a mechanism for the reporting of this in the future. A Member queried what levels of debt had been written off for 2014/15, which Officers agreed to check the position on and report back to Members on outside of the meeting.

RESOLVED that

subject to the required Officer follow-up action as detailed in the preamble above, the report be noted.

44. COMMITTEE ACTION LIST AND WORK PROGRAMME

Action List

Corporate Dashboard of Measures

It was noted that this had been dealt with earlier in the meeting under the separate agenda item for this (Minute No. 40 refers).

As Members of the Committee would be invited to see a presentation on the Dashboard at the 12th April 2016 Overview and Scrutiny Committee meeting, it was agreed that this could be removed from the Committee's Work Programme.

Action: remove from the Committee's Work Programme and Action List.

A number of additional Officer actions had arisen during the course of the meeting, which would be recorded in the minutes and added to the Action List.

Work Programme

Audit Findings Action Plan

Mr Percival wished to make clear that the Audit Findings Action Plan, which was programmed in for each meeting of the Committee, would be an Officer-led report and not a Grant Thornton report.

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

Annual Governance Statement and Statement of Accounts

Mr Percival commented on matters relating the Annual Governance Statement (AGS) 2015/16, which was scheduled for the July meeting, together with the audited accounts which were due to go to the September meeting, following which it was agreed that a draft of the AGS would also be referred to the April meeting of the Committee.

Officers highlighted the section of the Work Programme which advised that a copy of the draft accounts would be sent to all members of the Committee at the same time these were issued to the external auditors. This allowed Members time to scrutinise the draft accounts and to raise any questions with Officers on these in advance of the mid-September Statement of Accounts Briefing, and late-September Committee meeting when Members would be asked to formally approve the Statement of Accounts

Corporate Risk Register and Corporate Governance including Risk

Ms Thomas commented on what appeared to be the lack of inclusion in the Work Programme of the Corporate Risk Register. Officers advised that the 'Corporate Governance including Risk' item, which featured as a standing item for all meetings of the Committee, included relevant Corporate Risk Register referrals/updates.

Member-Member and Member-Officer Protocols

The Committee agreed to the removal of the review of the relevant Protocol(s) for the reasons detailed in the Work Programme report.

RESOLVED that

subject to the comments detailed in the preamble above, the Committee's Action List and Work Programme be noted and the amendments and updates highlighted be agreed.

45. PORTFOLIO HOLDER UPDATE - QUARTERLY BUDGET MONITORING

The Portfolio Holder for Corporate Management advised that the Quarter 3 report was currently being worked on. The September Executive had received the Quarter 1 report and the December Executive the Quarter 2 report.

Audit, Governance and Standards

Committee

Thursday, 28 January 2016

Whilst the Quarter 2 report had shown a £150k underspend on the Revenue Budget, there had been a very difficult provisional Local Government Finance Settlement issued by government in December 2015. This had included far greater cuts than expected and urgent action had been taken by both Members and Officers since the settlement announcement to try and address some of the issues raised. The £150k underspend to date would enable some return to balances to help with the situation and there would be further financial reporting on the 2016/17 budget to the Executive and Overview and Scrutiny Committee in March.

Services would continue to be looked at and whilst some difficulties had been encountered with the new finance system, some excellent work had been carried out which had resulted in over £2m of savings in the previous year. There were however significant challenges which lay ahead in light of the Settlement, with the Council now being in a more serious situation than ever before owing to the additional cuts.

The dedication of Officers in working to address the financial situation in recent years was highlighted.

RESOLVED that

the update be noted.

The Meeting commenced at 7.00 pm
and closed at 9.15 pm

.....
Chair