

# **Audit, Governance & Standards Committee**

Thursday, 25 April 2019

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## **MINUTES**

### **Present:**

Councillor John Fisher (Chair), Councillor Mark Shurmer (Vice-Chair) and Councillors Salman Akbar, Joanne Beecham, Roger Bennett, Yvonne Smith, Craig Warhurst and Pat Witherspoon

### **Officers:**

Martyn Bradley, Andy Bromage, Clare Flanagan, Chris Forrester, Farzana Mughal, Neil Preece and Deb Poole

### **Democratic Services Officer:**

Farzana Mughal

#### **41. APOLOGIES AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors Michael Chalk and Mike Rouse. Members were advised that Councillor Roger Bennett was in attendance as a substitute for Councillor Mike Rouse.

#### **42. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **43. MINUTES OF THE MEETING HELD ON 7 MARCH 2019**

The minutes of the meeting of the Audit, Governance and Standards Committee held on 7th March, 2019 were submitted. It was noted that Councillor Pat Witherspoon was in attendance at this meeting.

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Chair

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## **RESOLVED**

**that the minutes of the Audit, Governance and Standards Committee meeting held on 7<sup>th</sup> March, 2019 be approved as a correct record and signed by the Chair, subject to the above amendment.**

### **44. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Principle Solicitor presented the Monitoring Officer's report, and in doing so explained that since the last meeting of the Committee in March 2019, there had been one complaint received from a member of the public about a Borough Councillor which was in the process of being investigated. A further update in relation to this complaint would be provided at the following meeting of the Committee.

## **RESOLVED**

**that the Monitoring Officer's Report be noted.**

### **45. PUBLIC SPEAKING AT COMMITTEE MEETINGS**

The Principle Solicitor presented a report which invited Members to determine arrangements for public speaking at meetings of the Audit, Governance and Standards Committee. Members were informed that at a meeting of Council on 25<sup>th</sup> February, Members had agreed to introduce public speaking at certain Committee meetings where formal public speaking arrangements were not already in place.

It was noted that public speaking arrangements were already in place for some Committees, including Council, the Executive Committee and Planning Committee. However, at other public meetings public speaking rights were not formalised and could only be exercised at the discretion of the Chair.

The background to this change was that a complaint had been received from a member of the public who had called for formal public speaking to be introduced at all public Committee meetings. The complaint had been considered by the Constitutional Review Working Party, who had decided to recommend to Council that formal public speaking should be introduced for those Committees where it was not currently in place.

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Members expressed the view that they wished to adopt the same approach as both the Licensing and Planning Committees, whereby members of the public could register to speak for up to three minutes at each Committee meeting. Members further agreed to adopt a maximum overall time limit of 15 minutes for all public speaking at each meeting, though the timeframes could be extended at the Chair's discretion. It was also agreed that a cut-off point for registration of noon on the day of the meeting would be appropriate, in line with arrangements already in place for the Planning Committee.

The Committee was informed that an item in respect of public speaking would be included on the agenda at the start of the meeting.

## **RESOLVED that**

**the following arrangements for public speaking at Audit, Governance and Standards Committee meetings be adopted:**

- a) **that members of the public wishing to register to speak at Audit, governance and Standards Committee meeting shall notify Democratic Services officers of their intention to do so and the subject on which they intend to speak by no later than 12 noon on the day of the meeting;**
- b) **that the time limit for individual speakers at Audit, Governance and Standards Committee meetings shall be three minutes; and**
- c) **that the maximum time limit devoted to public speaking at meetings of the Audit, Governance and Standards Committee shall be 15 minutes, though the Chair will have the discretion to extend that period should s/he consider it to be necessary.**

## **46. GRANT THORNTON EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The manager from Grant Thornton presented the external audit progress update report and sector update, which outlined the key issues emerging in the public sector.

The following points were highlighted:

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- The external Audit plan had been issued setting out the proposed approach to the audit of the Council's 2018/19 financial statement.
- The final accounts audit was due at the end of May, 2019.
- There had been a change in the scope of the audit as and that Rubicon would be consolidated into the Council's financial statements.
- A summary of the findings of the interim audit work, the impact of the findings on the accounts audit approach were detailed in the report. It was noted that no issues had been identified.

In the ensuing debate, A number of points were highlighted:

- It was confirmed that the financial account would be published on time and that no issues had been identified.
- The work carried out by the external auditors and the fees charged would be reviewed.
- Elements of the audit for Rubicon would only be included in the Council's account where it required audit for the Council.

## **RESOLVED**

**that the Grant Thornton External Audit Progress Report and Sector Update be noted.**

### **47. INTERNAL AUDIT PROGRESS REPORT**

The Head of the Worcestershire Internal Audit Shared Service presented a report that informed the Committee about the Internal Audit team's performance in 2018/19. Members noted that the report presented before them was prepared as at 31<sup>st</sup> March, 2019.

The Head of Worcestershire Internal Audit Shared Service provided a summary of assurance levels. The findings and recommendations would be reported back to the Committee and senior managers would be required to produce a clear action plan. This would be followed up and reviewed after the implementation date.

The Committee was advised that the overall productivity figure for Internal Audit was 76% in the final quarter of 2018/19.

Members discussed issues in relation to parking enforcement, in particular, around schools and the town centre and requested that

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the Overview and Scrutiny Committee discuss this matter further in order to determine whether this would be a suitable topic for further scrutiny.

## **RECOMMENDED**

**that the Overview and Scrutiny Committee to look into the issues around parking.**

## **RESOLVED**

**that the Internal Audit Progress report be noted.**

### **48. INTERNAL AUDIT PLAN 2019-20**

The Head of the Worcestershire Internal Audit Shared Service presented the Audit Plan Report 2019/20 and the Performance Indicators for 2019/20.

During the presentation of the report Members were advised that the Internal Audit Plan for 2019/20 had been based upon a resource allocation of 400 chargeable days for the Council. The Key Performance Indicators were monitored on a regular basis and updates would be provided to the Committee as part of the progress report.

In the ensuing debate Members questioned how issues raised during an internal audit were enforced and monitored. Officers advised that any issues would be brought to the attention of the relevant manager and subsequently reported back to the Committee alongside any agreed actions. Any outstanding actions would then be monitored by Internal Audit and reported to the Committee.

During consideration of the report Members suggested that the document could be simplified and that a traffic light system should be introduced in order to flag up any potential issues at an early stage.

## **RESOLVED that**

- a) the Internal Audit Plan be noted; and**
- b) the Key Performance Indicators be noted.**

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## **49. HRA S151 UPDATE**

The Financial Services Manager presented a report to the Committee in relation to the Housing Internal Controls – S151 update. Members were made aware as a result of Internal Audit reports in 2016/17 related to Housing Capital and Post Contract appraisal functions that a significant number of failures had been identified and that these issues were being addressed.

During the presentation of the report a number of key points were highlighted for Members' consideration:

- Members noted that the stock condition survey was underway and that this would inform the 30 year business plan.
- It was anticipated that a report on the condition of the stock would be completed by 30<sup>th</sup> April, 2019.
- Orders for capital works were in the process of being placed using the Council's eProc financial system for the financial year 2018/19. Regular meetings would be held with finance to ensure that expenditure was controlled and managed as per the Council's budget.
- With regards to the property database, a new asset management system had been procured from Asprey Management Solutions Ltd.
- All new contracts had been procured in line with the Council's Corporate Procurement Procedure Rules via a number of frameworks.

In response to Members' questions, the following points were highlighted:

- A policy was being devised in order to enable the Council to recover costs where tenants had left properties in an unsuitable state.
- A database system was available in order to notify officers when contracts were coming up to the expiry date, well in advance of that expiry date.
- Members felt that it was important that where possible contracts were tendered to local suppliers in Redditch. Members were informed that the Council was actively working with local businesses to encourage them and to give them support as appropriate.
- Members were informed that the Council ensured that the stock was maintained to a high standard.

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- A piece of work was being undertaken through Internal Audit to look at various aspects of the stores.

## **RESOLVED**

**that the Housing Inter Controls – S151 Update be noted.**

### **50. ACCOUNTING POLICIES REPORT**

The Financial Services Manager presented the proposed accounting policies to be used for the closure of the 2018/19 accounts.

The significant changes to the accounting policies were:

- The Going Concern assumption under general principles had been updated to clarify that the going concern principle was still relevant in the case of local government bodies.
- 'Accruals of Income and Expenditure' had been retitled 'Revenue and Expenditure Recognition' and rewritten to reflect the requirements of IFRS 15 (Revenue from contracts with Customers), the key change being that income was only recognised as received when all specific performance obligations had been satisfied.
- Financial Assets and Financial Liabilities had been amended to reflect the changes of IFRS 9 (Financial Instruments).
- A new policy had been included, Interests in Companies and Other Entities, to cover the accounting for Rubicon Leisure within the Council's accounting statements.

## **RESOLVED**

**that the Council's proposed Accounting Policies be approved and adopted in completing the 2018/19 Statement of Accounts.**

### **51. INTERNAL AUDIT OF HEALTH AND SAFETY**

Head of Business Transformation and Organisational Development and the Senior Health and Safety Advisor presented the Internal Audit of Health and Safety report and action tracker to the Committee. Members were informed that the report had also been considered at the Joint Corporate Health and Safety Welfare Committee on 5<sup>th</sup> April, 2019.

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It was explained that the actions identified on the tracker had been extracted from the audit report. The tracker provided an outline of the description and the progress that had been made to date.

Officers explained that it was recommended that the Council(s) should draft a risk assessment for a lift maintenance engineer in the absence of one being supplied by the contracting company. A recommendation had also been made to trial a fire drill involving a person in a wheelchair to ensure that the Council's systems were safe for those with physical disabilities.

Arising from Members' questions, the following points were highlighted:

- The audit work that was carried out was sample-based, although it was acknowledged that a risk-based approach was required.
- Whilst carrying out the audit in respect of the fire risk assessments, it was established that although the fire risk assessments were in place they were out of date.
- Fire alarm testing was being carried out on a weekly basis.
- It was recognised that a system was required in order for the Council to be aware about which staff were in the building in the event of a fire alarm. Members expressed the view that it would be prudent for the Council to have a system in place whereby staff signed in and out when on site.
- the Council would potentially look at having evacuation chairs and to train staff in their use;
- Training would be extended to staff to ensure that they understood the different fire alarm system.

## **RESOLVED**

**that the Internal Audit Health and Safety report be noted.**

### **52. INDEPENDENT MEMBER - VERBAL UPDATE**

The Financial Services Manager provided an update in relation to the Independent Member for the Audit, Governance and Standards Committee. The Committee was advised that the Independent Member would not get paid for this role and would only be entitled to claim for any travel expenses.

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## **RESOLVED**

**that an Independent Member for the Audit, Governance and Standards Committee be recruited.**

### **53. COMMITTEE WORK PROGRAMME**

Members considered the Audit, Governance and Standards Committee's Work Programme for 2019/20.

## **RESOLVED**

**that the Audit, Standard and Governance Committee Work Programme for 2019/20 be noted.**

The Meeting commenced at 7.00 pm  
and closed at 8.53 pm