

Minutes

Governance Committee



10th January 2018

Councillors	Present	Councillors	Present
J Abbott	Apologies	Mrs J Pell	Yes
M Dunn	Yes	R Ramage	Yes
J Elliott (Chairman)	Yes	Miss V Santomauro	No
A Hensman	Yes	Miss M Thorogood	Yes
D Hufton-Rees	No	R van Dulken	Yes
G Maclure	Yes	Mrs L Walters	No

In attendance:

Lesley Day	Audit, Insurance & Risk Manager
Chris Fleetham	Corporate Director
Chloe Glock	Governance Business Officer
Tracey Headford	Performance and Improvement Manager
Phil Myers	Financial Services Manager
Trevor Wilson	Head of Finance

Kevin Suter Ernst & Young (External Auditors)

20 MINUTES

DECISION: That the Minutes of the meeting of the Governance Committee held on 6th September 2017 be approved as a correct record and signed by the Chairman.

21 PUBLIC QUESTION TIME

INFORMATION: There were no questions asked, or statements made.

22 DECLARATIONS OF INTEREST

INFORMATION: The following interest was declared:

- Councillor van Dulken declared a Non-Pecuniary Interest in Agenda Item 5 – 'First Quarter Performance Management Report 2017-18' as Deputy Cabinet Member for Environment and Place.

23 **SECOND QUARTER PERFORMANCE MANAGEMENT REPORT 2017-18**

INFORMATION: It was reported that as at the end of the first quarter, ten projects had been completed and a further 49 projects were on track and progressing well.

Ten performance indicators had achieved or exceeded target, four had missed target by less than 5% and four had missed target by more than 5%. The performance indicators that had missed target by less than 5% related to the tonnage of waste not recycled, the time taken to process housing benefit claim changes, time taken to process housing benefit/council tax new claims and the collection rate for Business Rates. The performance indicators that had missed target by more than 5% were in relation to the number of visits to leisure facilities which included participation levels for the under 16's, the number of passenger journeys on the community transport scheme and the average call answer time in the Customer Service Centre.

In respect of financial performance, there was an overall positive variance for the year of £406,000 (2.8%) projected against the budget. Income was projected to be overachieved by £666,000; with an overall overspend of £260,000 forecast on Staffing and Other Expenditure. Compared to the position reported at the first quarter, the overall forecast positive variance had reduced by £137,000.

A review carried out following the first quarter had identified a number of in-year variances that were expected to be on-going and had, therefore, been included in draft budget proposals, contributing towards eliminating the £0.5million budget shortfall identified for 2018/19 in the Medium Term Financial Strategy.

DECISION: That Members noted the report.

24 **KEY FINANCIAL INDICATORS – 30TH NOVEMBER 2017**

INFORMATION: Members considered a report on Key Financial Indicators which provided information on performance for the financial year to 30th November 2017.

Members were advised that the budget had been adjusted to include an additional £300,000 for planning appeal costs which had been vired from the anticipated additional planning fee income in the year.

DECISION: That the report of the Key Financial Indicators as at 30th November 2017 was accepted.

REASON FOR DECISION: To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

25 **INTERNAL AUDIT – ACTIVITY REPORT FOR THE PERIOD TO 15TH DECEMBER 2017**

INFORMATION: Members were provided with details of and outcomes from the audit assignments completed during the period 16th August 2017 to 15th December 2017. This included for each assignment, the key controls covered, number of

recommended action points and their priority, audit opinion and brief details of the high priority recommendations (if applicable).

Members also considered an update on the Reportable Recommendations.

DECISION: That the activity report for the period 16th August 2017 to 15th December 2017.

REASON FOR DECISION: To advise Members of the audit assignments completed for the period 16th August 2017 to 15th December 2017.

26 **ANNUAL AUDIT LETTER 2016-17**

INFORMATION: The purpose of the Annual Audit Letter was to communicate the key issues arising from the work carried out by Ernst & Young, the Council's external auditors, during the financial year 2016/17.

Members were advised that the key areas covered within the letter were Financial Statements, Value for Money and Annual Governance Statement.

It was reported that an unqualified opinion had been given on the Council's financial statements; the financial statements gave a true and fair view of the financial position of the Council as at 31st March 2017 and of its expenditure and income for the year then ended.

An unqualified value for money opinion was issued. The Audit concluded that the Council had put in place proper arrangements to secure value for money in the use of its resources.

In respect of the Annual Governance Statement, it was reported that the Governance Statement was consistent with their understanding of the Council.

The Audit Results Report was presented to the Governance Committee 6th September 2017 and the Auditor issued a certificate on 8th September 2017 that the audit had been completed in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.

DECISION: That Members received and accepted the Annual Audit Letter for 2016/17 from Ernst & Young.

REASON FOR DECISION: For Members to receive the Annual Audit Letter for 2016/17.

27 **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT**

INFORMATION: The purpose of the Certification of claims and returns annual report 2016/17 was to summarise the results of the work carried out by Ernst & Young, the Council's external auditors, on the Housing Benefit Subsidy Claim.

From 1st April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2016/17 these arrangements required only the certification of the housing benefits subsidy claim. In undertaking this work, Ernst & Young followed a methodology determined by the Department for Work and Pensions but did not undertake an audit of the claim. Although the Auditors issued a qualification letter in relation to the housing benefit claim detailing a number of issues, the amendments had a marginal effect: reducing the subsidy due of £40.7million by £36.00.

The actual certification fees for 2016/17 were £13,778 which equates with the Council's indicative certification fee which was prescribed by the PSAA in March 2016.

DECISION: That Members received the Certification of claims and returns annual report for 2016/17.

REASON FOR DECISION: For Members to receive the Certification of claims and returns annual report for 2016/17.

28 **DRAFT TREASURY MANAGEMENT STRATEGY STATEMENT 2018-19**

INFORMATION: Members considered the Draft Treasury Management Strategy Statement 2018-19.

DECISION: That the Committee agreed:

1. Review the draft Treasury Management Strategy Statement; and
2. To consider whether the Committee would like to propose any amendment or provide comments or observations which the Cabinet Member for Finance and Performance can take into account when presenting the final Treasury Management Strategy Statement to Cabinet and Full Council.

REASON FOR DECISION: The Council's Constitution requires that prior to consideration by Cabinet and Full Council, the draft Treasury Management Strategy Statement is reviewed and scrutinised by the Governance Committee.

29 **EXTERNAL AUDITOR APPOINTMENT**

INFORMATION: At its meeting on 28th September 2016, the Governance Committee recommended that the Council agree the 'Opt-in to the Sector Led Body' option, with Public Sector Audit Appointments Limited (PSAA), for the procurement of future external audit contracts, commencing with the audit of the 2018/19 Accounts. This was agreed at Full Council on 17th October 2016.

By opting into the PSAA, authorities avoided the costs of undertaking their own procurement and management of the contract and also the requirement to set up an auditor panel with independent members. The PSAA completed the

procurement to let audit contracts from 2018/19 in June 2017 and on 15th August informed the Council that it proposed to appoint BDO LLP to audit its accounts for five years from 2018/19. This proposal was subject to consultation to allow authorities an opportunity to object to the proposed appointment, and was open to 22nd September 2017.

The Council confirmed that it had no objections to the appointment of BDO LLP. Confirmation of BDO LLP's appointment as the Council's external auditor for a 5 year period with effect from 1st April 2018 was received on 18th December 2017.

DECISION: To note that BDO LLP has been appointed as the Council's external auditor for 5 years with effect from 1st April 2018.

REASON FOR DECISION: To inform Members of the outcome of the new process for appointing the Council's external auditors, as required following the closure of the Audit Commission.

30 **FORWARD LOOK – TWELVE MONTHS TO JANUARY 2019**

INFORMATION: Consideration was given to a schedule of routine audit and accounts reports and governance reports which would be presented to the Governance Committee during the forthcoming 12 months. Ad-hoc reports would be presented to the Committee as required.

DECISION: That the Governance Committee report schedule for the next 12 month period was noted.

REASON FOR DECISION: To agree the work and reports to be undertaken by and presented to the Governance Committee over the coming 12 months.

The meeting commenced at 7.15pm and closed at 8.53pm

Councillor J Elliott
(Chairman)