

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

4TH JULY 2017

Present:

Councillor LR Wilkins

- Chairman

AW Berry

PCB Coleman (from 10.05 a.m.)

T Cheung

R Theodoulou

AUD.4 SUBSTITUTION ARRANGEMENTS

No substitution arrangements had been put in place for this Meeting.

AUD.5 DECLARATIONS OF INTEREST

There were no declarations of interest under the Code of Conduct for Members or Section 106 of the Local Government Finance Act 1992.

There were no declarations of interest under the Code of Conduct for Officers.

AUD.6 MINUTES

RESOLVED that:

(a) the Minutes of the Meeting of the Committee held on 4th April 2017 be approved as a correct record;

Record of Voting - for 4, against 0, abstentions 0, absent 1.

(b) the Minutes of the Meeting of the Committee held on 16th May 2017 be approved as a correct record.

Record of Voting - for 4, against 0, abstentions 0, absent 1.

AUD.7 CHAIRMAN'S ANNOUNCEMENTS

There were no announcements from the Chairman.

AUD.8 PUBLIC QUESTIONS

No public questions had been received.

AUD.9 MEMBER QUESTIONS

No questions had been submitted by Members.

AUD.10 LOCAL CODE OF CORPORATE GOVERNANCE

The Committee considered a draft Local Code of Corporate Governance, and Officers amplified aspects thereof, drawing attention to the Council's responsibility for ensuring that its business was conducted in accordance with the law and proper standards; and public money was safeguarded, properly accounted for, and used economically, efficiently and effectively. The Committee was reminded that the guidance had been refreshed in 2016, and it was reported that the revised Code had been updated to reflect the new best practice. Attention was drawn to the seven principles of the Code and it was reported that the Council was required to demonstrate how it would meet the criteria.

Arising on the Draft Code:

- (i) It was considered that paragraph 3.2 of the draft Code should be amended to include reference to the consideration given to the Annual Governance Statement by this Committee;
- (ii) a Member stated that third parties could not be expected to adhere to the same rules as the Council and, in that context, it was considered that the second bullet point of the second Sub-Principle of Principle B should be amended to read 'Wherever possible, developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively....';
- (iii) the Head of GO Shared Services (GOSS) undertook to request the Council's Communications Team to provide Members with copies of communications issued to citizens regarding service changes;
- (iv) a Member commented that, while the Council had a good track record in the development of Officer capabilities, it did not provide much in the way of training for Members, apart from induction sessions following elections and occasional briefing sessions in respect of Committee-specific issues. It was considered that it would be helpful to encourage Members to develop their own training programmes;
- (v) in response to various comments relating to openness in local government, it was reported that the spirit of the draft Code was intended to address the issues of openness and transparency. The Committee was reminded of the requirement for the Council to specify reasons why information was considered to be 'confidential', and that the issue had been addressed in the second bullet point relating to the first Sub-Principle of Principle B;

RESOLVED that the revised Local Code of Corporate Governance 2016/17 be approved, as amended.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

Notes:

- (i) The Head of GO Shared Services thanked the Acting Head, Audit Cotswolds and Assistant Director, South West Audit Partnership for the research she had done in relation to this item.
- (ii) it was suggested that a copy of the amended Code should be sent to all Members of the Council.

AUD.11 ANNUAL INTERNAL AUDIT OPINION 2016/17

The Committee was requested to consider and comment on the Annual Internal Audit Opinion for the financial year 2016/17.

Officers reminded the Committee of the purpose of the Opinion, and amplified various aspects of the circulated report, including the assurance reviews undertaken on the adequacy of the Council's control environment; responsibilities; compliance with the internal Code of Practice; the Council's quality assurance arrangements; development of the Internal Audit Plan; resourcing; training; procurement and design of an audit management system to help with the management of multiple Audit Plans and clients; and the management of 'significant' control weaknesses which had been identified in a number of audit reviews undertaken throughout the year.

Based on the work undertaken by Internal Audit during 2016/17, consideration of other assurance providers such as the Council's external auditor and management's annual assurance certificates, Officers were pleased to offer a 'satisfactory' Annual Internal Audit opinion.

In response to a question from a Member, Officers reminded the Committee of staff resources within Internal Audit. In response to various other questions, it was reported that a follow-up review had been carried out in respect of the audit of GO Shared Services - Procurement, Insurance, Health and Safety, and that a number of the recommendations had been addressed; Internal Audit offered advice on the drafting of Performance Indicators and Service Level Agreements when requested to do so; different elements of performance management were audited on an annual basis; and a significant number of days had been allotted in the current Internal Audit Plan to work on issues relating to Publica.

The Committee considered the executive summaries attached to the circulated report and Officers responded to a number of questions thereon. The Head of GO Shared Services undertook to notify the appropriate 2020 Partnership Officers of a suggestion that exit interviews should be made compulsory for all staff leaving the Council's employment. Officers reminded the Committee of the Council's procedures for performance monitoring in respect of contracts.

RESOLVED that the report be noted.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.12 DRAFT ANNUAL GOVERNANCE STATEMENT

The Committee considered a report detailing the draft Annual Governance Statement for the financial year 2016/17.

Officers amplified various details of the circulated report, drawing attention to the background information; the principles of governance; effectiveness; and significant governance issues during 2016/17, which Officers would be focussing on in the current financial year. It was reported that, once approved, the Annual Governance Statement would be incorporated into the Council's Pre-Audit Statement of Accounts.

In response to a question from a Member, the Head of GO Shared Services undertook to clarify the status of the Council's Whistleblowing Policy with the

appropriate Officer. In response to a question from another Member, it was reported that Ubico Ltd. and Publica were considered to form part of the Council's governance framework.

RESOLVED that the draft Annual Governance Statement 2016/17 be approved for inclusion in the pre-audit Statement of Accounts, as amended.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.13 ANNUAL STATEMENT OF ACCOUNTS

The Committee considered a report detailing progress on the preparation of the Statement of Accounts for the financial year 2016/17.

The Chief Finance Officer reminded the Committee that the audited Statement of Accounts would be presented for consideration of approval on 29th August 2017 and, in that context, requested Members to submit any questions on the draft Accounts to her by no later than 31st July 2017 to allow time for any changes to be made in advance of the Committee's consideration of the 'final' draft Statement at its Meeting on 29th August 2017. The Chief Finance Officer explained that, with effect from the financial year 2017/18, the draft Statement of Accounts would have to be produced by 31st May each year in order to meet the requirement that the audited Statement be approved by 31st July each year.

Officers amplified various aspects of the draft Statement of Accounts, drawing attention to the 'core statements' and narrative report; the accounting policies, which had been set by the Chief Finance Officer; revenue outturn and performance; and Balance Sheet movements. Officers responded to various questions from Members, including in relation to short-term borrowing; long-term investments; adjustments to the Comprehensive Income and Expenditure Statement; the pension scheme arrangements following the transfer of staff to Publica; National Non-Domestic Rates; and New Homes Bonus.

RESOLVED that:

- (a) the key balances and messages from the draft Statement of Accounts 2016/17 be noted;**
- (b) the Accounting Policies applied in the production of the draft Statement of Accounts 2016/17 be noted;**
- (c) any questions, issues or concerns relating to the draft Statement of Accounts 2016/17 be notified to the Chief Finance Officer by no later than 31st July 2017.**

Record of Voting - for 5, against 0, abstentions 0, absent 0.

Note:

The Chief Finance Officer thanked the Finance Business Partner Manager East and his Team for their work in producing the draft Statement of Accounts within the specified timeframe.

AUD.14 GRANT THORNTON UPDATE

Ms J Masci (Associate Director) of Grant Thornton, the Council's external auditor, was present for this item.

The Committee considered a report detailing progress to date in respect of Grant Thornton's work programme, and Ms Masci amplified aspects of that report relating to the planned Audit Fee for 2017/18; progress to date; the value for money conclusion; and emerging issues and developments. Ms Masci also responded to some questions from Members.

RESOLVED that the Audit Fee letter and update report from Grant Thornton be noted.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

Note:

Prior to the debate on this item, the Chief Finance Officer and Ms Masci apprised the Committee of developments relating to the procurement of external audit services through the independent company, Public Sector Audit Appointments Ltd. (PSAA), which had been established to take on the management of the external audit contracts for local public bodies following the closure of the Audit Commission.

AUD.15 OTHER BUSINESS

There was no other business that was urgent.

The Meeting commenced at 10.00 a.m. and closed at 12.20 p.m.

Chairman

(END)