

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

25<sup>th</sup> JULY 2019

Present:

Councillor Patrick Coleman	Chair
Roly Hughes	Richard Morgan (left 12.30 pm)
Nick Maunder	Stephen Andrews

Substitutes:

Councillor Stephen Andrews

Apologies:

Councillor Ray Theodoulou

AUD.1 SUBSTITUTION ARRANGEMENTS

Councillor Stephen Andrews substituted for Councillor Ray Theodoulou.

AUD.2 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.3 MINUTES

**RESOLVED that:**

- (i) **the Minutes of the Meeting of the Committee held on 16<sup>th</sup> April 2019 be noted;**

**Record of Voting - for 5, against 0, abstention 0, absent 0.**

- (ii) **the Minutes of the Meeting of the Committee held on 14<sup>th</sup> May 2019 be confirmed.**

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

AUD.4 CHAIR'S ANNOUNCEMENTS

There were no announcements from the Chair.

AUD.5 PUBLIC QUESTIONS

No public questions had been received.

AUD.6 MEMBER QUESTIONS

No Member questions had been received.

AUD.7 UBICO LIMITED – GOVERNANCE OVERVIEW AND BUSINESS PLAN - UPDATE

The Managing Director and Commercial Director of UBICO attended the meeting to give Members an update.

They explained that they were always looking for improvements to the company and have highlighted issues such as; improving transparency on how the company operates; reporting finance and performance information; opening shareholders events to all Members; managing risk; more board meetings; recruitment of independent non-executive directors, including an independent chair; widening engagement with authorities, including Section 151 Officer; overview of the current governance structure.

In response to Members' questions Officers explained the following:

- (i) Ubico grew very quickly, with seven Gloucestershire authorities; there were no current plans to expand the business with other authorities. The company would be concentrating on current contracts such as the Council's redesign.
- (ii) Managing financial risks and governance is important, there is more work to do. A finance team is now in place to manage the business and mitigate risks, improving accuracy and in future factoring in the hire of vehicles when needed. The Council's Section 151 Officer will continue to meet regularly with Ubico officers.
- (iii) Redesigning the budget setting process and looking at future years to forecast the growth to the end of the Local Plan, assessing the lifetime of vehicles, factoring this into the financial model.
- (iv) It is crucial to work in partnership with issues such as the climate change emergency and how to meet the financial challenge.
- (v) The need to set clear outcomes for Ubico is important, being a strong commissioner, scrutinising and asking questions.
- (vi) The budget setting process will be reported to Members as part of the Medium Term Financial Plan.
- (vii) Information on sharing best practices such as recycling rates and financial cost savings and value for money will be provided to Members in future.
- (viii) Discussion of the Joint Waste Committee for Gloucestershire will take place at Cabinet and Council in the autumn.
- (ix) Risk of the new service being implemented is highlighted on the risk register as a 'red' risk. The work on this will be reported to Members at a future meeting.

The Chair thanked the Ubico Officers for attending the meeting and bringing Members up to date.

**RESOLVED that the report and comments made be noted.**

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

AUD.8 CYBER SECURITY UPDATES

The ICT Audit and Compliance Manager attended Committee to update Members on progress of the action plan and cyber risks, explaining that there was a robust framework to mitigate the risks of a cyber attack. Work is being carried out to develop a framework to ensure business continuity for the Council, Publica and Ubico.

Across the partnership councils work is being carried out to rationalise computer systems for the future to be able to work on one platform.

**RESOLVED the report be noted**

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

AUD.9 EXTERNAL AUDIT REPORT

The representative from Grant Thornton explained the reason for the audits not being carried out on time. The impossible timetable for public sector audits meant that audits had to be assessed on the readiness of the client to carry out their audits. As the Council were having discussions regarding accounting for the Local Government Pension Scheme Grant Thornton had to take the decision to delay the audit. They apologised to Members and highlighted that they had been in touch with the PSSA indicating this.

The Chair confirmed he had received a letter from the PSSA accepting that the audit of the Council's accounts would be delayed.

A detailed audit report would be presented to Committee in September 2019.

The Chief Finance Officer indicated that discussions regarding accounting for the Local Government Pension Scheme for former council employees were ongoing; this was in relation to Cotswold District Council employees being transferred to Publica.

**RESOLVED that the Committee note the content of the report**

**Record of Voting – for 5, against 0, abstentions 0, absent 0.**

AUD.10 INTERNAL AUDIT OPINION REPORT

The Assistant Director of SWAP Internal Audit Services presented the report explaining that the annual opinion feeds into annual governance statement.

Officers responded to Member questions:

- (i) Members were concerned regarding issues with Section 106 monies and asked that the Cabinet Member for Finance is made aware of the situation. The Chief Finance Officer explained that the Committee could ask officers dealing with S106 monies to address Committee to explain in detail. There has been a lack of resources to monitor these monies and recruitment for

officers to monitor CIL has taken place. Information on how monies have been allocated should be reported to Members and be visible on the Council's website.

- (ii) Members were concerned over the audit of Private water supply and health risks involved. Officers would be asked to attend a future meeting of the Committee to explain to Members.
- (iii) Concern was expressed over the audit for Safeguarding and training in this area of work. Officers and Members should be trained. Officers were asked to clarify the situation with training.
- (iv) Satisfaction surveys for disability grants are not undertaken and officers have been asked to ensure that satisfaction certifications are obtained after completion of the work. A follow up on this will be reported to Committee in due course.
- (v) Members considered they would like to hear more of how SWAP operates. The Assistant Director of SWAP Internal Audit Services indicated that there was an event being held in Gloucester, and she would circulate information to Members.

**RESOLVED that:**

- (i) **the Committee notes the report;**
- (ii) **Concern was noted on the lack of progress of Section 106 monitoring, drawing Cabinet Members attention to this issue with the recommendation to Cabinet that progress of Section 106 agreements is regularly reported to all Members and placed on the Council's website.**
- (iii) **Officers to be invited to a future Committee to update Members on the audit of Private Water Supply.**

**Record of Voting – for 5, against 0, abstentions 0, absent 0.**

AUD.11 CORPORATE RISK REGISTER UPDATES

The Chief Finance Officer presented the report to Committee and explained that the risk registers are updated to the end of Quarter 4.

Member questions were responded to:

- (i) Work is being carried out on Business Rates reform with colleagues across the county. It is unlikely that the scheme will change for 2020/21.
- (ii) As the new corporate plan is being developed and consultation on this will take place, there will be new initiatives that need to be delivered and new risks which will need to be addressed. The new corporate plan will be presented to Cabinet in September, with consultation to take place following this.
- (iii) The corporate risk register should take account of the corporate plan and the risk associated with the climate change emergency decision of Full Council.

**RESOLVED that the Committee notes the updates to the Council's corporate risk register.**

**Record of Voting – for 5, against 0, abstentions 0, absent 0.**

AUD.12 ANNUAL TREASURY MANAGEMENT REVIEW 2018/19

A presentation was given to Members by Phiroza Katrak, the Client Director of Arlingham Close. She explained to Members the reasons for short term borrowing and lending, identifying and managing risks, effectively controlling them and getting the value for money. The latest Treasury Management Code was introduced in 2017, which widened the definition of investments including all financial assets.

Members questioned and debated the process of investments, borrowing, income and the need for funding day to day running of the Council.

The Chair thanked Phiroza for attending the meeting and noted the Committee's appreciation of the work carried out on their behalf.

**RESOLVED that any comments be forwarded to Full Council.**

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

AUD.13 STATEMENT OF ACCOUNTS

Members received the draft Statement of Accounts for 2018/19 to consider and approve for publication.

The Chief Financial Officer explained that Committee did need to approve the draft accounts by 31 July 2019. They would change as the issue regarding the Local Government Pension Scheme was to be resolved. A different set of papers would be presented to Committee in September.

Officers answered Member questions and reiterated that there would be new challenges ahead as the new administration sets out their programme.

**RESOLVED that:-**

- (i) **the Committee note the Accounting Policies that have been applied in producing the Statement of Accounts (pages 56 to 67 of Appendix A).**
- (ii) **The draft unaudited Statement of Accounts 2018/19 be approved (as attached at Appendix A).**
- (iii) **That the key balances and messages from the Statement of Accounts 2018/19 be noted.**

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

The Chair thanked officers for all their work on the Statement of Accounts.

AUD.14 DATE OF NEXT MEETING

An additional meeting will take place on 26 September 2019 at 10.00 am to discuss the Statement of Accounts.

AUD.15 OTHER BUSINESS

There was no other business that was urgent.

The Meeting commenced at 10.00 a.m. and closed at 1.07 p.m.

Chair

(END)