

**Minutes of the meeting of the Audit and Standards Committee
held on 6 March 2017**

Present

Members:

Councillors John Beaumont, Bill Gifford, Chris Saint, Bob Stevens and June Tandy

Independent Members:

John Bridgeman CBE (Chair)

Bob Meacham OBE

Officers:

John Betts, Head of Finance

Sarah Duxbury, Head of Law and Governance

Virginia Rennie, Strategic Finance Manager

Garry Rollason, Chief Risk and Assurance Manager

Ben Patel-Sadler, Democratic Services Officer

Karen Smith, Customer Relations Manager

External Representatives:

Grant Patterson, Grant Thornton – Auditors

Andrew Reid, Grant Thornton – Auditors

1. General

(1) Apologies

Apologies were received from Councillor John Horner.

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

None

(3) Minutes of the meeting of the Audit and Standards Committee held on 17 November 2016

At page four of the minutes the Committee agreed to make an amendment to read 'Some members of the Committee expressed a view that there was scope to explore whether an external organisation could play a role'.

It was agreed that the minutes be signed by the Chair as a true and accurate record.

REPORTS TO BE CONSIDERED IN PUBLIC

2. External Auditors Report – Annual Audit Plan and Audit Fee Letter for the County Council 2016/17

Grant Patterson, Grant Thornton – Auditors introduced the report and informed the Committee that the objection which had been received in relation to the 2015-16 accounts was still being considered. It was hoped that a final decision would be taken in readiness to report back at the June 2017 Committee meeting. Members noted that it was the role of the External Auditors to determine whether or not the sums involved in relation to the received objection justified further action being taken – i.e. whether or not it would be in the public interest to uphold the complaint. The Committee noted that members of the public could not raise objections to historical accounts which had been closed – this complaint would not have an impact on the production of the 2016/17 accounts.

The Committee noted that when the External Auditors received a complaint, they would usually advise the complainant to speak directly with the Council to seek a satisfactory outcome. Members noted that this particular individual had initially raised their concerns with the Council but had taken the decision to raise it formally with the External Auditors. John Betts, Head of Finance informed the Committee that this complaint was not related specifically to finance – it had been made in relation to some of the products which the Council had opted to use in the delivery of a service. The Council had taken what it believed to be all reasonable steps with regards to this complaint.

With regards to the Audit Plan, Grant Patterson informed the Committee that no significant risks had been identified as a result of the work undertaken on the interim audit. The developments section at page four summarised the key areas of financial risk which the authority would be facing in the future. Members noted that forthcoming challenges would present themselves in relation to the CIPFA/LASAAC requirements of recording highways as assets. Other potential identified risks were in relation to the authority's pension liabilities and revenue risks in relation to possible financial misstatements. The External Auditors assured the Committee that they would be undertaking further audit work to mitigate these perceived risks.

Andrew Reid, Grant Thornton – Auditors informed the Committee that work was already being undertaken by the Council with regards to the future presentation of the accounts. Members noted that the External Auditors would be undertaking further work in relation to the Council's financial plans and the One Organisational Plan, with the focus being on how the Council would continue to deliver services with reduced resources. The External Auditors had no concerns at the present time around fraud/mismanagement of finances.

The Committee queried whether or not a reference should be made by the External Auditors with regards to the pension pooling scheme. Grant Patterson informed members that the Council had made significant progress on their pooling arrangements – this would not have an impact on this year's accounts and so it was not referred to in the report as it was not deemed as a significant risk.

Members noted that MIFID II had not yet been formally ratified – decisions on this legislation would likely be taken in 2018. The External Auditors and the Council were aware of this, although it was not classified as a risk at the present time.

In relation to the proposed External Audit Fee, members noted that the fee was identical to that quoted last year. It was also noted that the Council had decided to make use of a database offered by Grant Thornton which enabled benchmarking exercises against other authorities.

Resolved:

The Committee agreed to note the report.

3. Early Approval of the Statement of Accounts – An Assessment of Warwickshire’s Preparedness

Virginia Rennie, Strategic Finance Manager introduced the report and informed the Committee that a dry run exercise was being undertaken during 2017 in readiness for the early approval of accounts for the 2017/18 financial year. Any areas of concern identified during the dry run exercise would form the basis of an action plan in advance of preparing the 2017/18 accounts.

The Committee raised a concern, specifically around how the Council may encounter difficulties when requesting financial information from outside organisations (such as schools) to meet their own financial reporting deadlines. Virginia Rennie informed the Committee that more estimation might be needed in future to mitigate against financial information arriving late from external organisations. Members noted that the External Auditors would be working with officers to ensure that their early approval of the Statement of Accounts could be achieved for the financial year 2017/18.

Resolved:

The Committee agreed to note the report.

4. Self-Assessment

Sarah Duxbury, Head of Law and Governance introduced the report and informed the Committee that it outlined the results of the self-assessment exercise undertaken by the Committee in November 2016. Members noted that the CIPFA Survey on Local Authority and Police Audit Committees was also appended to the report. This was the first time the Committee had undertaken such an exercise and paragraph 2.4 of the report outlined how the Committee believed it could strengthen its own effectiveness. These topics/areas and any others identified by the Committee could then be included in its future Work Programme. During the ensuing discussions, the following points were noted:

- The production of an annual report of the Audit and Standards Committee was seen as a positive step to take – this would be a report submitted for Council’s consideration on an annual basis.

- The Committee expressed a desire to consider significant external inspections which had been carried out on the Council (Ofsted inspections, etc).
- The Committee felt it would be helpful if the recommendations made by the External Auditors could be appropriately tracked and their progress reported at regular intervals.
- The Committee expressed a view that it would be helpful if the work of other County Council Audit Committees could be looked at. This would provide some comparative data and give members some perspective about what issues were being considered across the spectrum by other similar councils.

A discussion then took place around the possibility of the Committee undertaking an exercise to determine if value for money was being achieved in relation to a specific area of the Council – postage costs for example.

After a lengthy debate, the Committee expressed a view that it was the role of the Committee to ensure that the correct systems and processes were in place to control and mitigate risk, rather than investigating service specific issues.

Resolved:

The Committee agreed to note the report and agreed that officers would undertake further work in relation to the above bullet points to enable them to be included in the work programme at an appropriate time.

5. Complaints Process Update

Karen Smith, Customer Relations Manager introduced the report and informed the Committee that the service that she led was responsible for putting together the framework which handled and managed complaints. The vast majority of complaints were resolved at a local level, however the service dealt with all complaints requiring formal investigation and was designed to ensure that all feedback given to customers is satisfactory.

Members noted that the service had recently adopted a new electronic system for recording and then monitoring the progress of complaints – it was known as the ‘contact us’ system. The adoption of this system had resulted in officers having to change the way they worked to ensure that the ‘contact us’ system was used correctly. The Committee noted that before the implementation of this new complaints handling system, the complaints process differed across the organisation. The new system ensured that a universal approach to handling and monitoring complaints had been implemented enabling more staff to input data at source and providing ‘real time’ data. The new system dealt with complaints and compliments and was extremely effective at recording, monitoring and then closing down complaints.

Members expressed concern that the system might be excluding some members of the public from complaining as it was primarily digitally based. Although the new system was a digital one, Karen Smith informed the Committee that existing

channels of communication had not been closed down and that members of the public were still able to telephone or write to the Council to complain – officers were then responsible for inputting this information onto the ‘contact us’ system and tracking the complaint appropriately.

Members queried what constituted a complaint. Karen Smith informed the Committee that a complaint was recorded if the individual explicitly stated ‘this is a complaint’ when contacting the Council. Members noted that officers were encouraged to be empathetic to customers – if an issue was not a complaint, officers were responsible for resolving the issue. Members noted that the standard for formally acknowledging a complaint is within three working days.

Members noted that the service did not deal with and manage complaints made against councillors. These complaints are referred to Law and Governance. Members noted that there have been no recent complaints against councillors which have resulted in a formal investigation.

Resolved:

The Committee agreed to note the report

6. Work Programme and Future Meeting Dates

The Committee noted the work programme and future meeting dates to be held in Shire Hall at 10:00 a.m. as follows:

- Thursday 1st June 2017
- Wednesday 6th September 2017
- Thursday 2nd November 2017

7. Any Other Business

None

8. Reports Containing Confidential or Exempt Information

It was resolved that members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)

9. Consideration of the Exempt Minutes of the Audit and Standards Committee meeting held on 17th November 2016

It was agreed that the minutes be signed by the Chair as a true and accurate record.

The Committee rose at 15.30 pm.

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Chair