

**Minutes of the meeting of the Audit and Standards Committee  
held on 1 June 2017**

**Present**

**Members:**

Councillors Parminder Singh Birdi, Mark Cargill, Andy Crump, Bill Gifford, John Holland  
(Councillor Wallace Redford was present replacing Councillor Simpson-Vince)

**Independent Members:**

John Bridgeman CBE (Chair)  
Bob Meacham OBE

**Officers:**

John Betts, Head of Finance  
Jane Pollard, Legal Services Manager  
Garry Rollason, Chief Risk and Assurance Manager  
Paul Williams, Democratic Services Officer

**External Representatives:**

Helen Lillington, Grant Thornton – Auditors  
Grant Patterson, Grant Thornton – Auditors

**1. General**

**(1) Apologies**

Apologies were received from Councillor Jill Simpson-Vince

The absence of Ben Patel-Sadler was noted. The Committee congratulated him and wife on the birth of their daughter and sent their best wishes to all.

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

There were no declarations of interest. It was confirmed that should any matters arise during the meeting that prompted members to consider they had an interest, they could declare it then.

Councillor Birdi informed the meeting that he is a member of Warwick Town Council. As the Dispensation Sub-Committee had yet to sit he considered it appropriate to declare this.

John Bridgeman (Chair of the committee) observed that following the County Council election on May 4 there remained two statement of interest forms to be signed and returned by members. The committee was informed that the deadline for the return of the forms was Sunday 4 June 2017. The committee requested that confirmation that all forms had been duly returned by the deadline be provided at its next meeting.

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

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

Under matters arising it was noted in section 5 (Complaints Process Update) the committee had been previously informed that there had been no recent complaints made against councillors that had resulted in a formal investigation. The Chair requested an update on this position and was informed that it had not changed.

**2. Reports Containing Confidential or Exempt Information**

Bob Meacham proposed, was seconded by Councillor Bill Gifford and 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 REPORTS TO BE CONSIDERED IN PRIVATE**

**3. Internal Audit Progress Report**

Following an introduction from officers the committee considered the published report making comments as set out in the exempt minutes.

**REPORTS TO BE CONSIDERED IN PUBLIC**

**4. Internal Audit Annual Report 2016-17**

Following a brief introduction by Garry Rollason (Chief Risk and Assurance Manager) the committee explored a number of elements of the report. Referencing Appendix A, Bob Meacham asked what actions would be required to raise "pre-employment checks" from the status of "limited assurance". He added that his concerns lay not so much with lower paid workers but with those in senior or managerial positions. In response the committee was informed that some staff eg school kitchen staff are recruited locally whilst others are recruited via the central HR service. The limited assurance status applies to locally recruited staff. For centrally appointed staff the committee was reminded that pre-employment checks for were audited in 2014 and no significant issues arose.

**Resolved:**

That the Committee notes the results of internal audit work completed during 2016-17.

**5. Annual Governance Statement 2016-17**

Jane Pollard (Legal Services Manager) explained that the report before the Committee provided an opportunity for the County Council to reflect on how well its internal processes have operated over the preceding 12 months. During that time there has been no significant governance failures. A number of major challenges

have been identified for the authority and these are set out in the report. These include changes to government policy, legislative changes, austerity measures and demographic changes as well as issues around social care and health, safeguarding of vulnerable people, data security, cybercrime, the need for economic growth and safety in the community.

In response to a question from Councillor Mark Cargill, the committee was informed that whilst most member development is not compulsory, councillors are actively encouraged to engage in the development opportunities presented to them. Attendance is monitored and as was noted by the Chair there has in the past been a good record of County Council members attending training sessions. It was suggested and agreed that opportunities for the delivery of joint training with district and borough councils be considered.

Grant Patterson (Grant Thornton) informed the meeting that the CIPFA “Delivering Good Governance Guidance” now has 7 principles that should be adhered to and which were reflected in the draft AGS.

Regarding the benefits of interagency co-operation in terms of economies of scale it was suggested that the Governance Statement should make more explicit reference to this.

**Resolved:**

That the Committee endorse:

- 1) the results of the review of internal control; and
- 2) the draft annual governance statement for the County Council.

**6. External Auditors Report**

Grant Patterson explained that the report before the committee presented progress against the 2015/16 audit. Members were updated on the position regarding the objection that had delayed the certification as closed of the 2015/16 financial statements. The County Council has met with the objector. It is the view of the auditors that the objection raises no significant issues and that it should be possible to conclude the matter alongside the 2016/17 audit.

Auditors are due on site soon to commence the audit for 2016/17. Interim work has been completed with nothing to report. The target date for completion is the end of July. From next year that target will be mandatory.

The committee expressed its concern over the abortive work undertaken by CIPFA and the LASAAC Board around the introduction of a Highways Network Asset Code. John Betts (Head of Finance) stated that he too had raised concerns over this but in response to members' questions he noted that there is no course of redress for the resources expended and wasted on this project. The challenge now is to unwind what has been done to date.

Regarding the social care precept it was noted that a 2% levy on council taxes in areas with below average taxbases will generate less income. This is unfortunate as it is often these areas that will benefit from the levy.

The pooling of pension funds was discussed. John Betts confirmed that all members of the Council were consulted on the proposals. Whether pooling will lead to increased returns on investments remains to be seen. The expectation is that management fees will be lower and this should offset any reduction in returns. The committee was reminded that the pension fund will, under the pooling arrangements, retain control over its strategy. However, pension fund managers will be picked by others. Councillor Bill Gifford reminded the meeting of the government's drive for pension funds to invest in infrastructure. Considerable concern has been raised over this.

**Resolved:**

That the Committee notes the External Auditors Update Report, as outlined in Appendix A of the report.

**7. Internal Audit Strategy 2017-18**

Garry Rollason introduced the strategy explaining that the report marks the start of the audit cycle for the coming year. The committee was informed that the proposed plan had been subject to extensive consultation and had been endorsed by the Corporate Board. This year care has been taken to more explicitly link the plan to corporate risks.

The Audit Charter is a requirement of the Public Sector Internal Audit Standards and was last considered 2 years ago. The Charter had been updated to reflect changes in professional standards and had also been agreed by Corporate Board.

**Resolved:**

That the Committee approves:

- 1) the proposed strategy; and
- 2) the updated Charter.

**8. Whistleblowing Policy Review**

Jane Pollard explained that the principal reason for updating the Council's Whistleblowing Policy is to ensure it reflects the "Duty of Candour" which applies to the Council's role as a provider of care services. It was explained that any member of staff with any concerns can choose to report these internally or externally to any one of a number of organisations.

Over the last two years there have been 18 whistleblowing reports. These have all been to the fraud hotline. None have related to social care.

In response to a question from the Chair members were assured that if there was to be an outbreak of whistleblowing reports they would, following initial investigations, be informed.

Councillor Bill Gifford expressed his concern that the policy as drafted did not in his view sufficiently emphasise the potential role of organisations such as Public Concern at Work. The need to ensure that staff can easily report any concerns they might have was reiterated. In some instances staff may have a sense that something is amiss but wish to discuss this with an independent person.

In response the committee was reminded that the County Council is a large organisation with policies in place to support all aspects of working for it. The draft Whistleblowing Policy is intended to assure staff that it is safe to report concerns and to signpost them to where they can make these reports. In addition some independent organisations might struggle to understand the complexities of the council and hence the nature of a whistleblowing report.

The draft strategy has been consulted on with officers and the unions.

Members were concerned that the section of the policy regarding untrue allegations was placed ahead of that on protection and support. It was explained that that section is intended to offer reassurance that if an allegation turns out to be unfounded, the staff member who made it will suffer no redress providing they were not made for malicious or vexatious reasons.

Regarding the appended flow chart, Bob Meacham suggested that terms such as “serious wrongdoing” were open to interpretation and may put people off making any reports. This was noted.

The committee concluded that more work is required on the strategy. It was suggested that Councillor Gifford meet with the report author to attempt to agree an approach that would meet everyone’s requirements.

### **Resolved**

That the Committee does not endorse the revised Whistleblowing Policy and asks that more consideration be given to it.

## **9. External Audit Plan 2016-17**

Helen Lillington (Grant Thornton) summarised the published report and appendix. It was explained that 2016/17 had been a year of few developments or changes.

The Chair sought assurance regarding accuracy of information regarding fund members. In response it was recognised that whilst it is important to know where members are it would require a great many of them to be missing off records for the materiality threshold to be met.

The question of employers in the fund being able to honour their commitments was raised. The committee was informed that it is recognised that some smaller employers with an aging workforce will soon see a draw on their pensions commitments that they may struggle to meet. The fund monitors employers and in instances where the risk appears high there will be early engagement to address

funding issues(including the option of closure to new members). A challenge for pension funds is calculating or forecasting the lifespan of those drawing on them. The committee was informed of the processes undertaken by actuaries to predict mortality. Factors such as the nature of employment, levels of deprivation and lifestyles are all taken into account.

The work on the interim audit work as reported was welcomed.

### **Resolved**

That the committee notes the Warwickshire Pension Fund 2016-17 Audit Plan from the External Auditors, as outlined in Appendix A of the report.

## **10. 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:

- Wednesday 6th September 2017
- Thursday 2<sup>nd</sup> November 2017
- Wednesday 7<sup>th</sup> February 2018

In response to a request at the committee's previous meeting members considered a list of possible for annual reports. This list was derived from a review of the business undertaken by audit committees at other similar local authorities. The committee concluded that it did not consider there to be a need to adopt any of the suggested topics put before it.

## **11. Any Other Business**

Grant Patterson offered to provide a training session regarding the statement of accounts for all members. This was welcomed and John Betts agreed to follow this up.

The Committee rose at 12.15pm.

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Chair