

**Minutes of the meeting of the Audit and Standards Committee  
held on 29 March 2018**

**Present**

**Members:**

Councillors Parminder Singh Birdi, Mark Cargill, Andy Crump, Bill Gifford, John Holland and Jill Simpson-Vince

**Independent Members:**

John Bridgeman CBE  
Bob Meacham OBE

**Officers:**

John Betts, Head of Finance  
Sarah Duxbury, Head of Law and Governance  
Ben Patel-Sadler, Democratic Services Officer  
Garry Rollason, Chief Risk and Assurance Manager

**External Representatives:**

Andrew Reid, Grant Thornton – Auditors

**1. General**

**(1) Apologies**

None

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

Councillor Jill Simpson-Vince declared a non-pecuniary interest as a member of the Local Pension Board.

Councillor Andy Crump declared a non-pecuniary interest as a member of the Local Government Pension Scheme.

Councillor John Holland declared a non-pecuniary interest as a member of the Local Government Pension Scheme.

Councillor Bill Gifford declared a non-pecuniary interest as a member of the Pension Fund Investment Sub-Committee.

**(3) Minutes of the meeting of the Audit and Standards Committee held on 7 December 2017 and Matters Arising**

Members noted that a briefing note detailing insurance arrangements had been circulated via e-mail.

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

## **2. External Auditors Report - Annual Audit Plan and Audit Fee Letter for the County Council 2017-18**

Andrew Reid, Grant Thornton – Auditors introduced the report and informed the Committee that the contents were in line with previous submissions of the same report.

Members noted that the only change in terms of the content of this report was the bringing forward of the deadline for submission of the annual accounts. The bringing forward of this deadline would be with effect from the summer of 2018. Andrew Reid informed the Committee he was confident that this deadline (July 2018) would be met.

Andrew Reid informed the Committee that professional standards specified that some risks were considered during all external audits whether district, borough or county councils, particularly with regards to the potential of certain controls being overridden.

Members noted that with regards to the valuation of property, the external auditors would routinely class this as a potential risk due to the fact that valuations involved the exercise of professional judgements and estimates of certain individuals or organisations. Andrew Reid informed the Committee that a detailed sample analysis of both internal and external valuations was completed by the external auditors to ensure that the figures were within the correct parameters.

The Committee noted that payroll had been flagged as a potential risk by the external auditors due a significant change to the system being implemented during this audit period. However, the change had already been implemented by the time of this meeting and the impact of this change had been mitigated due to it being undertaken via a phased approach.

Andrew Reid informed the Committee that the value for money judgement outlined in the report would consider the financial health of the organisation.

Members expressed a view that any 'lessons learned' following the situation at Northamptonshire County Council should be analysed thoroughly.

John Betts, Head of Finance informed the Committee that CIPFA were in the process of arranging seminars to brief local authority staff on how the issues at Northamptonshire arose and how they could be avoided in the future. The Committee noted that Warwickshire County Council had recently increased Council Tax to ensure that statutory services could continue to be provided. The Council had a robust medium-term financial plan in place. Members noted that a financial plan for the period post-2020 had not yet been formulated, as officers were awaiting confirmation from central government in terms of what future funding levels would be. Members noted that the Council had a robust level of reserves – the external auditors would continue to make judgements on whether or not the Council remained a going concern into the future.

The Committee noted that the Council had no financial arrangements with Northamptonshire County Council.

Andrew Reid informed the Committee that 'lessons learned' also applied to external auditors of local authorities in respect of what had occurred at Northamptonshire, for example why the external audit process there had not flagged any financial concerns at a much earlier stage.

It was suggested that a regular agenda item should be included at each future meeting that would seek to flag any potential risks for the authority going forwards. John Betts assured the Committee that officers sought and analysed any potential risks to the authority on an ongoing basis and relevant issues would be reported to members as necessary.

**Resolved:**

The Committee considered the Annual Audit Plan for the County Council from the External Auditors for 2017-18, as outlined in Appendix A of the report, and the Audit Fee Letter, as outlined in Appendix B of the report, for the County Council.

**3. External Auditors Progress and Update Report**

Andrew Reid, Grant Thornton – Auditors introduced the report and informed the Committee that the external auditors were satisfied that progress was currently at the correct point of the process, with final sign off expected to be given in July 2018.

The Committee noted that the external auditors had completed their work within the same number of audit hours as in recent years. The number of audit hours completed on an annual basis was reviewed regularly – the relationship between the external auditors and officers had meant that the last few years had been stable in terms of the number of audit hours required to complete the process.

Andrew Reid assured the Committee that the quality of the audit provided by the external auditors was commensurate with the fee charged. Officers had formed good working relationships with Grant Thornton staff and as such, the existing external audit process was robust. John Betts, Head of Finance informed the Committee that the Council was satisfied with the quality of external audit provided by Grant Thornton.

**Resolved**

The Committee considered the External Auditors Progress and Update Report and requested that a comparison between past and present external audit inputs was provided.

**4. External Auditors Report - Annual Audit Plan for the Warwickshire Pension Fund 2017-18**

Andrew Reid, Grant Thornton – Auditors introduced the report and informed the Committee that due to professional ethics requiring audit managers to be periodically rotated he would now be completing the annual audit of the Warwickshire Pension Fund.

The Committee noted that there were no significant changes to this report, although reference had now been made to the Council's admission into the Border to Coast Pension Pool and the need to comply with MIFID II regulations.

Members noted that the Council would not be formally entering the Border to Coast Pool until the 2018-19 financial year. Members noted that significant sums would be transferred into the new pooling arrangements.

The Committee noted that the Council was compliant with MIFID II regulations.

Members noted that it would not be known immediately if the transfer of assets to the Border to Coast Pool had yielded significant savings. Identifying the benefits of this arrangement would be a long term process. The Committee noted that it was a statutory requirement for local authorities to join a Pension Pool.

The Committee noted that at the current time, members and officers were confident that Border to Coast was the correct Pool to have joined. John Betts, Head of Finance informed the Committee that all members were aware of the Pooling arrangements – reports had been submitted to meetings of full Council for approval of the arrangements.

## **Resolved**

The Committee considered the Annual Audit Plan from the External Auditors for 2017-18, as outlined in Appendix A of the report, for the Pension Fund.

## **5. Local Government Ethical Standards Consultation**

Sarah Duxbury, Head of Law and Governance introduced the report and asked members if they had particular points that they wished to be included in the Council's response to the consultation. The following points were made by members during the ensuing discussions:

- Members would advocate a review of the sanctions available to Councils to impose, as the changes to the standards regime some years ago limited the range of sanctions available in code of conduct cases, particularly in rare, serious cases.
- Members noted the importance of transparency and also the rules of natural justice in place to ensure fair process and protection for all parties.
- It was recognised that the ultimate sanction would be determined by the electorate when it came to elections.
- Peer pressure and the role of the political partners was also highlighted in relation to standards.
- It was felt that incidences of intimidation of local councillors and vexatious complaints made against them were potentially increasing. Members

expressed a view that a process to protect local councillors against this behaviour would be useful.

- Members would advocate action being available for bodies to take against those individuals where it had been proved that vexatious complaints, acts of intimidation or circulating of inaccurate information had been carried out by them.

The Committee noted that the County Council response to the consultation would be collated during April 2018 for submission by the May deadline. Members were encouraged to send any further comments/suggestions directly to Sarah Duxbury before the end of April 2018.

### **Resolved**

The Committee considered the Committee on Standards in Public Life consultation document (review of local government ethical standards) and commented on points to be included in the Council's response to the consultation.

## **6. Work Programme and Future Meeting Dates**

The Committee noted the items for consideration at future meetings and the future meeting dates.

## **7. Any Other Urgent Business**

None

## **8. Report Containing Confidential or Exempt Information**

### **Resolved**

That members of the public be excluded from the meeting for the item 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.

## **9. Exempt minutes of the meeting held on 7 December 2017**

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

## **10. Internal Audit Progress Report**

The Committee reviewed a report detailing recent internal audit work.

## **11. Report into a Fraud in the Benefits Assessment & Income Control (BAIC) Team**

The Committee reviewed a report summarising the case to date.

The Committee rose at 11.35 a.m.

.....  
Chair