

## **Minutes of the meeting of the Audit and Standards Committee held on 24 May 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:**

Sarah Duxbury, Head of Law and Governance and interim Head of HROD  
Ben Patel-Sadler, Democratic Services Officer  
Virginia Rennie, Strategic Finance Manager  
Garry Rollason, Chief Risk and Assurance Manager

#### **External Representatives:**

Grant Patterson, Grant Thornton – Auditors

### **1. General**

#### **(1) Apologies**

Apologies had been received from Councillor John Horner, John Betts, Head of Finance and Andrew Reid, Grant Thornton – Auditors. Andrew Reid would be leaving Grant Thornton in the near future – the Committee wished to place on record their thanks to Andrew for all the work he had completed during his time working alongside the Council.

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

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 29 March 2018 and Matters Arising**

At page two of the minutes Councillor Holland expressed a view that there were similarities between Warwickshire and Northamptonshire County Councils. Councillor Holland sought assurances that Warwickshire would not

be exposed to similar problems that had been encountered at Northamptonshire.

Members expressed a view that the Council was proactive in terms of appropriately managing its resources. The Committee noted that the Council's reserves were monitored regularly and were reported to Cabinet each quarter.

John Bridgeman CBE (Chair) noted that it was the role of the Committee to assess the effectiveness of the Council's control and assurance arrangements supported by the work of internal and external audit.

Grant Patterson, Grant Thornton – Auditors informed the Committee that it was his view that Northamptonshire County Council had received sufficient and timely warnings from their external auditors in terms of the management of their resources. Grant Patterson would circulate further information in relation to the lessons learned following the situation at Northamptonshire.

Grant Patterson assured the Committee that the external audit process had not identified any concerns for Warwickshire County Council in relation to the existing governance arrangements (related specifically to the management or resources).

Members noted that the external auditors were in regular contact with senior officers from the Council. If the external auditors identified any areas of concern, these would be raised with the relevant Council staff and Members as appropriate.

Sarah Duxbury, Head of Law and Governance informed the Committee that work was underway nationally, involving councils and CIPFA, to analyse the lessons learned from the situation arising at Northamptonshire and the Head of Finance was linked into this work. The Committee asked officers to consider how best members may be briefed on the outcome of this work in due course.

Virginia Rennie, Strategic Finance Manager informed the Committee that John Betts, Head of Finance had facilitated briefings for relevant Council staff to clarify the lessons learned following the situation at Northamptonshire County Council. Members noted that briefings had also been provided to senior officers in lieu of the release of the LGA Peer Review Report in relation to Northamptonshire County Council.

In relation to page five of the minutes, members noted that the response to the Committee on Standards in Public Life consultation (review of local government ethical standards) had not yet been published, the consultation closing date having been 18<sup>th</sup> May. Members were interested to see if any reference to vexatious behaviour towards elected members would be included in the consultation results. Sarah Duxbury informed members that if members had any concerns around vexatious complaints, then they should be raised directly with her and/or the Council's legal team.

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

## **2. Reports 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.

## **3. Exempt minutes of the meeting held on 29 March 2018**

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

## **4. Exempt Internal Audit Progress Report**

### **Resolved**

That the Committee considers the results of internal audit work completed.

## **5. Internal Audit - External Quality Assessment**

Garry Rollason, Chief Risk and Assurance Manager introduced the report and informed the Committee that the external quality assessment had concluded that the internal audit service was compliant with the Public Sector Internal Audit Standards.

Members noted the positive outcome from the assessment and in particular that the internal audit service was outperforming other local government internal audit services in several areas.

The assessment had indicated that internal audit's risk based planning and reporting processes were effective and compliant with the required standards.

Garry Rollason informed the Committee that the assessor had made a number of suggestions for further improving the service and these would be considered.

The Committee recognised the importance of effective pre-employment checks taking place. Members noted that the implementation of a new system would result in improvements being made in this area.

Members noted that the assessment had taken place over the course of one week and involved interviews with the Section 151 officer and chair of the audit committee of all the Service's clients. The feedback from these interviews combined with the results of post audit questionnaires was very positive which demonstrated the good working relationship between internal audit and clients. Garry Rollason informed the Committee that the process had been a rigorous one with the internal audit team providing the assessor with a great deal of information before the physical inspection began and this included the detailed review of a sample of audits undertaken by the Service.

The Committee wished to place on record their congratulations to Garry Rollason and the internal audit team for the success of the assessment.

**Resolved:**

That the Committee notes the outcome of an External Quality Assessment of the internal audit service.

**6. Internal Audit Annual Report 2017-18**

Garry Rollason, Chief Risk and Assurance Manager introduced the report and informed the Committee that this was a summary of the work that had been completed throughout 2017-18.

The Committee were pleased that the overall audit annual opinion had improved since 2016-17.

Members expressed a view that it would be helpful if an additional paragraph could be added at appendix A to explain that action was being taken to address the issues highlighted in limited opinion audits before the report was published online.

**Resolved**

That the Committee noted the results of internal audit work completed during 2017-18 and the annual audit opinion.

**7. Annual Governance Statement 2017-18**

Sarah Duxbury, Head of Law and Governance introduced the report and informed the Committee that it was a statutory requirement to produce an annual governance statement.

Members noted that drafts of the document had been previously commented on by senior officers and would be shared with the external auditors for review.

There was one minor amendment to be made to the report – at page 9 (final paragraph) the sentence should read ‘substantial’ assurance and not ‘moderate’ assurance.

Members noted that the Annual Governance Statement was subject to review from the external auditors. Any changes to the documents suggested by external auditors following their audit of the accounts would be considered at the July 2018 Audit and Standards Committee meeting prior to formal approval by full Council.

**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

## **8. Internal Audit Plan 2018/19**

Garry Rollason, Chief Risk and Assurance Manager introduced the report and informed the Committee that the Council's senior officers had been consulted in relation to the proposed internal audit plan for 2018/19.

The Committee noted that the Council's Corporate Risk Register had been taken into account during the production of the 2018/19 internal audit plan and the links between the risks in the register and proposed audits were outlined in the report.

Gary Rollason informed the Committee that he had produced a plan that could be delivered with the resources available to the internal audit team.

Taking into account the positive outcome from the external quality assessment, members commented that this provided a sound platform for the internal audit team to offer their services to other local authorities, subject to the availability of resources and a viable business case.

### **Resolved**

That the Committee:

- 1) approves the proposed plan; and
- 2) note that no changes are currently required to the Audit Charter.

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

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

## **10. Any Other Urgent Business**

None

The Committee rose at 11.40 a.m.

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Chair