

# Audit & Standards Committee

Thursday, 7 November 2019

## Minutes

### Attendance

#### Committee Members

Councillor Parminder Singh Birdi  
John Bridgeman (Chair)  
Councillor Mark Cargill  
Councillor Bill Gifford  
Councillor John Horner  
Councillor David Reilly

#### Officers

Rob Powell, Strategic Director for Resources  
Sarah Duxbury, Assistant Director for Governance and Policy  
Richard Ennis, Assistant Director for Finance  
Virginia Rennie, Strategy and Commissioning Manager (Strategic Finance)  
Paul Clarke, Deputy Internal Audit Manager  
Tom McColgan, Senior Democratic Services Officer

#### Others Present

Grant Patterson, Engagement Lead - Grant Thornton  
Jim McLarnon, Engagement Manager - Grant Thornton

### 1. General

The Chair informed the Committee that Bob Meacham OBE had passed away in September 2019. Bob Meacham had been a long standing independent member of the Audit & Standards Committee and the Chair led the Committee in a moment of silence to remember him.

#### (1) Apologies

Councillor Dirveiks sent his apologies for the meeting.

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

There were none.

### **(3) Minutes of the last meeting and matters arising**

Members requested that the minute under item 6: Annual Report of the Audit & Standards Committee be expanded to reflect the discussion of sensitive or confidential issues in the report.

**Resolved:** That the minutes of the previous meeting as amended be agreed as a correct record.

#### Matters arising

In response to Councillor Cargill, Rob Powell stated that the Council was developing a new reserves strategy and through the Medium Term Financial Strategy would 'right size' base budgets to address structural under/ over spends. Rob Powell also highlighted that while there was an overall underspend there were service areas with significant demand pressures that were overspent. A paper on the reserve strategy would be considered by Cabinet in December 2019 and the Medium Term Financial Strategy would come forward as part of the budget setting process in February 2020.

The Chair stated that it was the responsibility of Cabinet to critically examine the council's reserves. While there was good reason to maintain a level of useable reserves to provide a contingency there was the risk of over provision.

Councillor Horner stated that it would be useful for Councillors to be able to see useable reserves separated from total reserves and for officers to provide the trend rather than just a headline figure. The budget working group had been provided with this information a number of years ago and there had been a downward trend in useable reserves.

In response to Councillor Cargill's suggestion that the Committee's annual report contain more detail, the Chair suggested that future reports could be shared in draft form with Members at an earlier stage to allow consideration of under or over reporting of details.

## **2. External Auditors' Annual Audit Letter 2018/19**

Grant Patterson introduced the annual audit letter 2018/19 and highlighted some additional works undertaken during the audit of the 2018/19 accounts as well as the conclusion of the audits for 2015/16 and 2016/17.

In response to the Chair, Grant Patterson and Virginia Rennie confirmed that there was a robust dialogue between Grant Thornton and Warwickshire County Council around fees for additional work undertaken. Grant Patterson stated that the industry regulator had changed their stance on what work was expected of auditors since the tendering process necessitating additional work.

The Chair stated that the issue the committee had to consider for the future was if the scope for 2019/2020 was right.

Grant Paterson responded that the scope for Grant Thornton's work was set by Public Sector Audit Appointments Ltd. (PSAA) and was set for the sector as a whole. He hoped that PSAA would make a comment about the 2019/20 audits but if they did not Grant Thornton would be writing to all their clients.

**Resolved:**

That the Committee:

- 1) considered that annual audit letter and noted the report on the objection to 2015/16 and 2016/17 accounts and the management response to the recommendations.

Referred the report on Highways Objections and Closure of 2015-16 and 2016-17 Audits to the Communities Overview and Scrutiny Committee.

### **3. External Auditors' Progress Report**

Jim McLarnon introduced the progress report confirming that the majority of on-site work was carried out by Lena Grant-Pearce, In-Charge Accountant with two junior colleagues in support.

Grant Patterson added that he had submitted his provisional views on two outstanding objections to the 2017/18 accounts around s106 funding and the schools grant. He stated that he would bring a briefing back to the Committee in due course.

In response to the Chair, Rob Powell stated that he felt that the financial reporting and auditing regime for local governments was not working as well as it could, and that Warwickshire County Council would be feeding into the review headed by Sir Tony Redmond through the Society of County Treasurers.

In response to the Chair, Rob Powell confirmed that the Council had been as prepared as it could have been for the United Kingdom to leave the European Union on 31 October 2019.

**Resolved:** That the Committee noted the report.

### **4. Review of Financial Regulations and Contract Standing Orders**

Sarah Duxbury introduced the report which set the scope for a review and stated that a more detailed report would come to a future meeting.

**Resolved:** That the Committee noted the report.

### **5. Reports Containing Confidential or Exempt Information**

**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.

## **6. Exempt Minutes of the Previous Meeting**

**Resolved:** that the minutes of the previous meeting be agreed as a correct record.

## **7. Internal Audit Progress Report**

Paul Clarke provided an update on Internal Audit Progress.

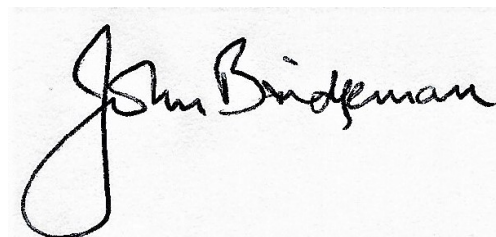
## **8. Work Programme and Future Meeting Dates**

Officers highlighted the change in dates of the September and July meetings in 2020.

## **9. Any Other Business**

None

The meeting rose at 11:40am

A handwritten signature in black ink that reads "John Bindeman". The signature is written in a cursive style with a large, looped initial 'J'.

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The Chair  
Dated 20<sup>th</sup> July 2020