

BRECKLAND COUNCIL

At a Meeting of the

GOVERNANCE & AUDIT COMMITTEE

**Held on Friday, 2 September 2016 at 10.00 am in
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr W.P. Borrett (Chairman)	Mr M J Nairn
Mr P S Wilkinson (Vice-Chairman)	Mr T. Ludlow
Mr P.J. Hewett	Mr K. Stevens

In Attendance

Teresa Smith	- Democratic Services Officer
Alison Chubbock	- Chief Accountant (Deputy Section 151 Officer) (BDC)
Emma Hodds	- Internal Audit Consortium Manager (IACM)
Julie Kennealy	- Executive Director (Commercialisation)(S151 Officer)
Kevin Suter	- Executive Director, Ernst & Young
Suzanne Jones	- Interim Executive Director Commercialisation and s151 Officer
Greg Pearson	- Corporate Improvement and Performance Manager

39/16 MINUTES

The minutes of the meeting held on 10 June 2016 were confirmed as a correct record and signed by the Chairman.

40/16 ACTIONS ARISING FROM THE MINUTES (IF ANY) (STANDING ITEM)

None.

41/16 APOLOGIES

Apologies were received from Councillors L Monument and Taylor.

42/16 URGENT BUSINESS

The Chairman raised two items.

He asked if the Governance and Audit Committee should officially respond to the business rate consultation.

The Interim Executive Director for Commercialisation advised that it would be an Authority response. The Chief Accountant informed Members that consultation sessions had been planned to inform Members but would also forward the consultation documents for their response.

The Chairman noted the Committee had now changed its name to Governance and Audit Committee. He asked that the Terms of Reference be reviewed to reflect the change as it was not clear what was now expected by Council of the Committee.

Action By

Action By

The Internal Audit Consortium Manager (IACM) said the terms of reference had not changed due to the change in Committee title, however it would be reviewed following previous conversations.
The Chairman asked for a short report on what the Council expected from the Committee to be presented at the next meeting.

43/16 DECLARATION OF INTERESTS

Mr Stevens declared interest on Agenda Item 11 – Independent Persons.

44/16 NON-MEMBERS WISHING TO ADDRESS THE MEETING

None.

45/16 QUARTERLY RISK REPORT

The Corporate Improvement & Performance Manager presented the report. Members were informed the Strategic risks had been reduced from 11 to 10, and that the highest risk still remained with the critical breach of ICT security. In addition, the risk score of 'uncertainty over future government funding settlement' had increased from 4 to 6.

Mr Ludlow was surprised to see the increase. The Executive Director of Commercialisation said it had increased due to the impact of moving towards a growth environment, and the Council had agreed to assume nil dependency on the RSG.

Mr Stevens asked if there was still a risk post Devolution. The Corporate Improvement & Performance Manager agreed, and said as the County Council were still looking into Devolution the approach had been taken to track the risk of this internally.

The Chairman asked to what extent was it usual to have risk around the policy of central government in a local government organisation. It was confirmed that the management team would have due regard for this.

The Corporate Improvement & Performance Manager agreed to add the previous risk score to the report as well as the direction of travel, to make it easier for Members to identify how the risk had changed.

Mr Ludlow questioned for the target score to also be included. The Chairman agreed, even if the column would remain empty which would allow Members to challenge if applicable.

Mr Ludlow also ask what mitigation controls were in place to address the impact of the publication of gender pay gap under the transparency legislation. The Corporate Improvement & Performance Manager would review this. The Executive Director Commercialisation added that it was important that the Job Evaluation was tested as being non-biased.

Mr Ludlow queried how often the business continuity plans were tested. Members were informed these had been tested recently which had raised actions.

The Chairman thanked the Corporate Improvement & Performance Manager for his report.

Action By

46/16 2015-16 AUDITED FINANCIAL STATEMENT OF ACCOUNTS - FORMAL APPROVAL

The Chief Accountant was pleased to present the final audited statement of accounts.

Councillor Hewett asked for an amendment made to be made on the Cash Flow statement to ensure consistency. The Chief Account would amend this in future reports.

It was **RESOLVED** that:

- a) The audited statement of accounts 2015-16 be approved;
- b) The Annual governance statement (AGS) 2015-16 be approved;
- c) The Letter of representation 2015-16 be approved.

47/16 AUDIT RESULTS REPORT

Mr Suter, Executive Director Ernst & Young presented his report. He said the Audit had gone very well and the accounts preparation and engagement was of a very high standard. He thanked the Councils Finance Team for their flexibility and assistance with the report.

Councillor Hewett had a sense that the financial reporting element had remained strong and it was pleased Ernst Young confirmed that.

The Chairman thanked Ernst Young and the finance team for the report.

The Annual accounts were signed by the Executive Director of Commercialisation and Chairman of Governance & Audit Committee at the end of the meeting.

48/16 EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT (VERBAL UPDATE)

The IACM informed Members that quotations had been received from three companies which had been assessed. Once the successful bidder had identified, the IACM would share the scope directly with the Chairman and S151 Officer to obtain agreement and progress with the award of the contract. It was hoped a verbal update on the conclusions of the review would be given to the Committee in December.

It was **RESOLVED** that Members of the Committee agreed the Chairman made a decision on the confirmed provider.

49/16 INDEPENDENT PERSONS (VERBAL UPDATE)

The IACM informed Members that the Independent Persons position would be advertised early 2017, with a view to being in post from June 2017 for a 3-year period.

Mr Ludlow said he was expecting to finish in January 2017.

The Chairman was happy with the proposed timetable.

50/16 APPOINTMENT OF EXTERNAL AUDITORS

The IACM informed Members that the contract with Ernst Young would expire with the completion of the 2017/18 accounts.

It was **RESOLVED** that Members recommend to Full Council:

- 1) That the Council agrees to join a national collective scheme, led by the Public Sector Audit Appointments (PSAA)
- 2) That delegated authority be given to the Section 151 Officer (or deputy in their absence) to communicate the willingness of the council to join the scheme, led by PSAA and to enter into the scheme after a satisfactory examination / negotiation of the proposed terms & conditions is concluded.

51/16 ANNUAL REVIEW OF RESULTS OF TRADED ACTIVITIES

The Chief Accountant presented the report to Members and suggested future the report would include income generating areas, such as the ARP enforcement service.

Mr Ludlow felt disappointed to see that Breckland Training Services had not generated an income and questioned if it was a sustainable option. The Executive Director Commercialisation said the underlying issues with Breckland Training Services (BTS) had been that the prices were too low and the third party costs had been disproportionately high. An analysis of what needed to improve had taken place and details had been considered. Further information would be available as part of the budget process later in the year and Members would be involved in decisions going forward.

Councillor Nairn said he was concerned about resilience of BTS as it relied on one Officer to bring in the business.

The Chairman asked who set the aspirations with regard to the Commercial Property. It was confirmed that Members did this as part of the budget process.

Mr Stevens asked for more detail on Commercial Property. Members were informed that work was underway to review the assets to develop a plan of dis-investment in the poorer performing properties and re-investment in better performing assets.

The IACM advised that the Committee should be careful not to blur into the scrutiny function. It was recognised that the terms of reference needed to be reviewed to be clear of what was required going forward.

Councillor Hewett asked if the process used for the commercial property review could be used for BTS. The Executive Director Commercialisation said that it was a slightly different process in that the council relied on its return from the investment portfolio and the framework of the acquisitions and disposal policy. The business case for BTS would be presented through the committee process when it would be the Governance and Audit Committee role to seek assurance that the implementation had taken place.

Action By

The Chairman pointed out that there were more ambitions for the traded activities yearly report and it was an aspiration of the Committee to look at this in more detail.

It was **RESOLVED** that:

- a) The report was noted
- b) That Members agree the scope of future reporting for income generation as referred to in 1.2 of the report.

52/16 TRAINING (STANDING ITEM)

Members were informed that CIPFA training was provisionally scheduled to take place on 2nd and 3rd November which would be tailored specifically for Committee Members. The venue would be confirmed.

The Member Development Co-ordinator said he was attending key committee meetings to focus on governance to ensure the training budget could be planned effectively for the coming year.

53/16 WORK PROGRAMME

Mr Ludlow asked for the Terms of Reference be discussed at the next meeting.

The Chairman explained that this was the last meeting of the Executive Director of Commercialisation as she was leaving the Council. He thanked her for help and support she had offered to the committee.

54/16 NEXT MEETING

The arrangements for the next meeting on Friday 9 December at 10.00am in the Norfolk room were noted.

The meeting closed at 11.50 am

CHAIRMAN