

15 May 2014

14. REPORTS OF COMMITTEES

(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE

Member and officer delegated decision-making

1. The Committee has received an explanation from the Head of Legal and Democratic Services of what constitutes an 'Executive Function'; individual member decision-making; officer decision-making; decision-making processes; and the Forward Plan.

2. The Leader of the Council has as yet issued no standing delegations to individual Cabinet Members (CMR), but the law and Constitution allows the Leader to authorise this. There are likely to be an increasing number of specific delegations to Cabinet Members, and potentially standing delegations in due course. There is a balance to be drawn between the democratic visibility of collective decision-making by Cabinet meeting in public at intervals and the potential flexibility and speed of individual CMR decisions. In mitigation, it is important that the development of individual Cabinet decision-making is captured within clear and transparent governance. A governance protocol for individual CMR decisions has been in operation since 1 January 2014.

3. The Protocol makes reports to the Cabinet Member publicly accessible in advance of the decision, in line with the general requirements for Cabinet and Committees but exceeding the legal requirement for individual decisions. Unlike collective decisions, decisions by individual Members are not required to be held in public. However, the report upon which the decision is to be taken and a record of the actual decision is made publicly accessible just as for Cabinet and Committees.

4. The procedures the Council has adopted are compliant with the law. The Constitution captures the level of delegations to Chief Officers.

5. The Committee has noted the report on member and officer delegated decision-making and requested that the Leader of the Council's attention be drawn to its concern about the delegation of key decisions to Cabinet Members

The Hive – Governance Arrangements

with Responsibility: the democratic visibility of collective decision-making by Cabinet meeting in public and the ability of all CMRs to comment should be maintained for important decisions.

6. Concern had been raised at previous Committee meetings around the complexity and cost of the governance structure and the number of meetings that take place. The frequency of certain meetings has now reduced and other meetings either take place on a virtual basis or are seen as operational business meetings that deal with the direct day to day operation of The Hive. This has meant an overall reduction in the amount of time key officers are spending in governance related meetings of around 25%. This has been done without undermining the integrity of the Hive operation.

7. The Hive is a continually evolving animal and there will never be a point where it could be concluded that the work is finished. Continued innovation and creativity will need to be shown with the Council's partners in order that the Hive remains the highly valued asset it had become for students and residents alike across Worcester and Worcestershire. A further report on progress will be brought to the Committee in 6 months time.

8. CIPFA had carried out a public library survey for 2012/13 which had placed The Hive as the 10th most visited public library in the country with 718,255 visits per annum. However The Hive had only opened in July 2012 and when the full year figures were collated, there were actually 984,000 visitors which would place it as the 2nd most visited public library in the country.

9. The Committee has noted the progress made by officers in reducing the cost of governance at the Hive through the reductions in formal meetings held. The Committee has also noted the general progress made in relation to fully exploiting the business and commercial opportunities, the development of new services for students, the signing off of outstanding defects, raising its profile and the physical alterations to The Hive.

10. The Public Service Pensions Act 2013 sets out governance requirements for the new look Local Government Pension Scheme (LGPS) to be introduced in 2014/15.

11. A Shadow Governance Policy Statement for the Pension Fund has been produced which aims to closely align the Fund's governance arrangements with the prescribed best practice guidance, whilst the Council

Pension Fund Governance

awaits the publication of the revised LGPS governance regulations. The Shadow Governance Policy Statement was approved by Council, as signed by the Leader of the Council and the Director of Resources, and the interim governance arrangements for the Pension Fund were implemented on the 30 September 2013. The new shadow governance arrangements include the establishment of a Shadow Pension Committee and the transition of the former Investment Monitoring Group into the new Shadow Pension Investment Advisory Committee.

12. The Committee has noted the update on the forthcoming Pension Fund governance reform and the Pension Fund Shadow Governance Policy Statement.

13. The Committee endorsed the progress made and changes agreed with management on the proposed Internal Audit Progress Report 2013/14.

14. The Committee has requested that a report be brought to a future Committee meeting in relation to the limited assurance audit opinion on the Council's Backup and Restore Procedures. In addition, the Committee has requested that Council's attention be drawn to its concerns about the implications for the Council's Disaster Recovery and Business Continuity as a result of the electrical failure incident at Wildwood and the need to update Information Technology Disaster Recovery and Business Continuity procedures and policies.

15. The Committee has approved the content of the draft Internal Audit Risk Assessment and Operational Plan 2014/15.

16. Kyla Bellingall, Director, and Helen Lillington, Senior Manager presented a series of reports to the Committee on behalf of Grant Thornton, the Council's external auditor.

17. The Committee noted the Audit Plans for Worcestershire County Council and its Pension Fund for 2013/14.

18. The Audit Commission makes certification arrangements with grant-paying bodies, including confirming which claims and returns required certifying and issuing certification instructions. Grant Thornton as the Council's appointed external auditor undertook this work acting as agent for the Audit Commission. The Committee has noted the Grant certification work plan for Worcestershire County Council.

Internal Audit Progress Report 2013/14

Draft Internal Audit Risk Assessment and Operational Plan 2014/15

External Audit Report

Audit and Governance Committee Training

19. The Committee has noted the external auditor's "Informing the audit risk assessment" report. The purpose of this report is to contribute towards the effective two-way communication between the Council's external auditor and this Committee, as "those charged with governance". The report covers areas of the auditor risk assessment where the external auditor is required to make enquiries of this Committee under auditing standards.

20. The Committee has noted the external auditor's Audit Committee update report on progress in delivering their responsibilities to the Council. The update also includes a summary of emerging national issues and developments that may be relevant to the Council, and includes a number of challenge questions in respect of those emerging issues.

21. In line with best practice, a training plan has been developed for members of the Audit and Governance Committee providing two half-day sessions for delivery over the next twelve months.

22. It is proposed that the first half day session will cover what makes an audit committee successful and will make reference to the new CIPFA guidance (Audit Committees : Practical Guidance for Local Authorities and Police 2013 Edition.) There will also be consideration of roles and responsibilities including how the audit committee gets assurance and the different sources of assurance. This area of training will be delivered by PricewaterhouseCoopers.

23. The second half day will be informed by the above and areas identified previously by members and can include Local Government Finance, Treasury Management and procurement.

24. The Committee has approved a proposed training programme.

25. The Committee has noted its work programme subject to a report being brought to a future Committee meeting in relation to the limited assurance audit opinion on backup and Restore Procedures; and officers looking into the possibility of timetabling reports on risk assurance.

Mr W P Gretton

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Director of Resources) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Audit and Governance Committee held on 21 March 2014