

Audit and Governance Committee

Friday, 13 December 2019, County Hall, Worcester - 10.30 am

		Minutes
Present:		Mr N Desmond (Chairman), Mr R W Banks, Dr A J Hopkins, Mr L C R Mallett, Mr P Middlebrough, Mr C Rogers, Mrs E B Tucker and Mrs R Vale
Available papers		The members had before them: A. The Agenda papers (previously circulated); B. The Minutes of the meeting held on 20 September 2019 (previously circulated).
528	Apologies and Named Substitutes (Agenda item 1)	None.
529	Declarations of Interest (Agenda item 2)	None.
530	Public Participation (Agenda item 3)	None.
531	Confirmation of Minutes (Agenda item 4)	RESOLVED that the Minutes of the meeting held on 20 September 2019 be confirmed as a correct record and signed by the Chairman.
532	Internal Audit Progress Report and Anti-Fraud and Corruption Policy (Agenda item 5)	The Committee considered the Internal Audit Progress Report and Anti-Fraud and Corruption Policy. In the ensuing debate, the following points were raised: <ul style="list-style-type: none">• It was important that the Internal Audit team established close working relationships with managers across the Council. Jenni Morris, the Chief Internal Auditor commented that when Warwickshire County Council undertook the internal audit function, there was a lack of on-site

533 External Audit Progress Report and Sector Update (Agenda item 6)

presence at County Hall. As the Chief Internal Auditor, she intended to meet Chief Officers on at least a quarterly basis. She would be establishing links across the council to ensure that officers were aware of the work of Internal Audit and thereby raising the profile of the service and as a result the ability to add value to the organisation. Policies/procedures and performance management were issues that the Internal Audit team would be particularly focusing on

- In response to a query about the Council's policies and procedures, Jenni Morris commented that initial work had focused on updating financial regulations. The other wider policies would be reviewed on an as and when needed basis, addressing issues as they emerged. Michael Hudson, Chief Financial Officer added that a review of governance arrangements would be undertaken and as part of that process, human resources policies and procedures would be examined
- Jenni Morris confirmed that a further report on anti-fraud and corruption would be brought to the next Committee meeting, as part of the Internal Audit Progress report
- The Committee needed reassurance that policies would not just 'sit on the shelf' but with the appropriate training, staff would be able to take ownership of these policies. Jenni Morris responded that there was a lot of work to done to ensure firstly, that policies helped rather than hampered managers and secondly that policies were effectively managed.

RESOLVED: that

- a) the Internal Audit Progress Report be noted;**
- b) the changes to the 2019/20 Audit Plan be approved; and**
- c) the draft Anti-Fraud and Corruption Strategy be noted.**

The Committee considered the External Audit Progress Report and Sector Update.

In the ensuing debate, the following points were raised:

- Helen Lillington from Grant Thornton gave a brief overview of the progress report and Sector

update. She indicated that due to ongoing national discussions about how local authority audits should look like, she was not in a position to report the External Audit Plans at this meeting although a report might be available for the March Committee meeting

- Were there any impending changes to the audit process? Helen Lillington responded that a debate was taking place about which areas of audit should be the main focus in the future. Michael Hudson added that following the outcome of the general election yesterday, he did not expect any changes to the audit process being implemented before March 2020
- Was it a case that the current auditing system was not fit for purpose? Michael Hudson commented that the problem was that there were a number of views of how the auditing process should look. Under the current system, fees were agreed in advance but as the external auditor worked through the audit process, additional fees emerged. Helen Lillington added that this also reflected the more complicated nature of the work that councils were undertaking with higher level of risk which therefore impacted on the final audit fees.

RESOLVED that the content of the External Audit Progress Report and Sector Update be noted.

534 Income Management (Agenda item 7)

The Committee considered proposals to design the organisation's income management.

In the ensuing debate the following points were raised:

- Income management was clearly an area that the Council had not got to grips with and the level of debt represented a structural/cultural failing of the organisation
- There was a lack of detail old in the report about levels of debt over 30 days. Michael Hudson undertook to provide a detailed breakdown of debt over 30 days old in the report to the March Committee
- Concern was expressed about the number of claims that were in litigation. Michael Hudson commented as part of the debt management process, Liberata would raise an invoice and produce a second report. This report was then sent back to managers to deliver the next stage. It was at this point that the blockage in the system

occurred

- If the system was running smoothly, there should be no need to get to a point where litigation was claimed. As soon as a debt was overdue by 7 days, the process should kick in to address it. Where a debt was left for a longer period, it reflected badly on the culture of the organisation
- Was the Council's approach to debt recovery from public sector partners undertaken with the same vigour as it did for individual debt? Michael Hudson responded that these debts were addressed at the highest level in the organisation
- In response to a request, Michael Hudson undertook to provide details of Section 106 debts in the report to the March Committee.

RESOLVED that the report be noted and a further update be brought to the March Committee.

535 Corporate Risk Report (Agenda item 8)

The Committee considered the Corporate Risk Report.

RESOLVED that the latest update of the Corporate Risk Register including mitigating actions identified in respect of red risk be noted.

536 Work programme (Agenda item 9)

RESOLVED that the work programme be noted.

The meeting ended at 11.35am.

Chairman