

MINUTES

**GOVERNANCE AND AUDIT
COMMITTEE
TUESDAY, 25 SEPTEMBER 2012**



COMMITTEE MEMBERS PRESENT

Councillor Bob Adams
Councillor Jean Bevan (Vice-Chairman)
Councillor Rob Shorrock
Councillor Ian Stokes (Chairman)

Councillor Adam Stokes
Councillor Jeff Thompson
Councillor Martin Wilkins

OFFICERS

Strategic Director – Corporate Focus
(Daren Turner) - to minute 29
Head of Finance (Richard Wyles)
Head of Legal and Democratic Services
(Lucy Youles) – minute 32
Environmental Health Service Manager
(David Price) – minute 31
Planning Policy and Partnerships Service
Manager (Karen Sinclair) – minute 33
Corporate Safety Advisor (Helen Kettle)
– minute 31
Governance and Risk Officer (Tracey
Elliott)
Accountant (Gillian Goddard)
Principal Democracy Officer (Jo Toomey)

OTHER MEMBERS

Councillor Mike Taylor (Portfolio :
Strategic Resources – Well Run Council)

Paula Longden – Audit Commission

Rob Barnett – RSM Tennon
Kelly Waddoups – RSM Tennon

22. MEMBERSHIP

The Committee was notified that Councillor Adam Stokes would be substituting for Councillor Scott and Councillor Adams would be substituting for Councillor Woolley for this meeting only.

23. APOLOGIES

An apology for absence was received from Tony Crawley (Audit Commission).

24. DISCLOSURE OF INTERESTS

No interests were disclosed.

25. MINUTES OF THE MEETING HELD ON 23 JULY 2012

The minutes of the meeting held on 23 July 2012 were agreed as a correct record.

26. UPDATED FINANCIAL STATEMENTS

The Head of Finance presented report number HOF207, which summarised the updates made to the Statement of Accounts 2011-12, the supporting notes and the explanatory foreword. A paper was circulated at the meeting which gave details of three further addendums. Each of the presentational changes and improvements were requested by the Audit Commission. Councillors were asked to approve the Statement of Accounts with the addendums reported in HOF207 and circulated at the meeting.

27. ANNUAL GOVERNANCE REPORT 2011-12

Paula Longden from the Audit Commission summarised the Annual Governance Report, which included messages arising from the audit of the Council's financial statements and work to assess the Council's arrangements to secure value for money in its use of resources. Subject to the approval of the Statement of Accounts 2011-12, the Audit Commission expected to issue an unqualified audit opinion on the financial statements and conclude that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Audit Commission planned to award the audit certificate by 30 September 2012. No change was planned to the proposed Audit Fee.

Three material errors were identified in the financial statements and a number of non-trivial misstatements, which were corrected by management. Material errors were clarified as items of misclassification and note, not errors in the Council's accounting. The Committee noted that the 2011-12 Statement required further adjustments than accounts for previous years because of the loss of a key member of the finance team.

The Strategic Director – Corporate Focus thanked the Head of Finance and his team, together with the Audit Commission for the work they had done to produce the Statement of Accounts.

Officers addressed a question about the level of reserves. All reserves held by the Council had specific purposes and the Committee reviews the policy and their use as part of the annual outturn report. That the Council held higher reserves than a lot of other authorities was considered beneficial to respond to any future financial constraints particularly the imminent introduction of the

business rate retention scheme and the localisation of council tax benefit.

Council dwellings where the tenants were exercising their right to buy were not reclassified as held for sale. The change in classification should take place when an agreement to sell was signed by the Head of Finance.

The movement of the capital expenditure on council dwellings and repairs was queried. Work done to council properties was classified as an enhancement which improved the life of a property even if it did not affect its value.

In response to a question from a Councillor, the representative from the Audit Commission confirmed that good working papers had been provided.

28. STATEMENT OF ACCOUNTS 2011-12

The Committee was asked to approve the Statement of Accounts as circulated with the agenda papers and the addendum circulated at the meeting; it was also asked to note the outcome of the Audit Commission's work.

Decision:

- 1. The Governance and Audit committee approves the revised Statement of Accounts 2011/12.***
- 2. The Governance and Audit Committee notes the commentary on the outcome of audit work.***
- 3. The Governance and Audit Committee approves the publication of the summary of accounts and publication of the document on the Council's website.***

13:32 to 13:39 – the meeting was adjourned.

29. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Progress report was presented to the Committee. Six reports had been finalised (leases, asset management, corporate governance, creditors and procurement, repairs and a follow-up report). Two further reports were available in draft and awaiting management response, three reviews were under way and a further 13 reviews were planned to take place before the end of March 2013.

Seven days had been taken out of the contingency budget for an audit on the responsive repairs process and procedure. A further three days from the contingency budget would be used to review the potential fire risk at Council owned properties.

Two reviews were brought to the attention of the Committee: leases and repairs, both of which received red opinions, each with 3 high risk recommendations together with other medium and low risks. Briefing notes

from the relevant heads of service was circulated at the meeting, which addressed the issues raised in the audits.

Committee members queried implementation dates detailed in the report. Internal Audit representatives explained that the date was the latest date by which all recommendations should be completed; deadline dates for some recommendations would be earlier based on their urgency and the straightforwardness of implementation. Deadlines were agreed by internal audit with service managers. Councillors requested that when high risk recommendations were made, full details of each deadline should be made available to the Committee.

Councillors queried whether the information behind the recommendations relating to leases could explain some of the variances within the Statement of Accounts 2011-12. This was not the case as the audit findings identified the risk rather than it was actually occurring. However it was agreed that by ensuring the appropriate systems were in place in respect of leases and licences the Council would be able to track whether income due to the authority was received and that legal documents were current.

Committee members noted that the repairs service had recently undergone a lean systems review. Recommendations made by internal audit required the service to review staff capacity, quality control checks and the classification and prioritisation of repairs work.

14:10 – Councillor Thompson left the meeting.

Action Point

The Committee agreed that the Property Development Manager and the Head of Community Assets should submit reports for the next meeting's agenda and attend the next meeting (6 December 2012) to present and provide an update for the Committee.

30. INTERNAL AUDIT TRACKING REPORT

The Council's internal auditors, in their tracking report considered that South Kesteven District Council had made good progress in implementing actions agreed to address internal audit recommendations. Seven out of nine recommendations made in respect of high and medium risks had been implemented. Where recommendations had not been implemented, new deadlines had been agreed.

(Councillor Taylor left the meeting)

31. HEALTH AND SAFETY ANNUAL REPORT

The Environmental Health Service Manager and the Corporate Safety Advisor

presented the Health and Safety Annual Report for 2011-12 which provided an overview of the Council's performance and an indicative plan for 2012-13. The report also included a summary of training activity and the total number of accidents reported. Committee members noted that from 2012-13, reporting requirements under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) were changing; it was anticipated that this would lead to a reduction in the number of notifications.

Councillors queried attendance at training events against a target number of attendees. They requested that future reports show the eligible/projected number of staff to be trained against the actual number of staff who receive training.

Discussion ensued in respect of the accidents reported, particularly in respect of violence to staff. This included verbal abuse, harassment and sexual harassment and was covered under the Council's unacceptable behaviour framework. Councillors requested that figures be presented alongside percentages to provide context.

The Committee noted the report.

32. OMBUDSMAN ANNUAL REPORT

The Head of Legal and Democratic Services summarised report number LDS077 which was the Local Government Ombudsman annual report. Committee members noted that the number of complaints had increased, with a growing number of complaints relating to planning and housing issues. 15 complaints were considered by the Ombudsman to be premature and were referred back to the Council; 14 of these were dealt with through the Council's complaints process. There were no findings of injustice from any investigations. It was also noted that when the Ombudsman decided to investigate a complaint, the time it took the Council to respond to initial requests had reduced from 38 days in 2010/11 to 23 days in 2011/12.

The Committee noted the report.

33. PARTNERSHIPS ANNUAL REPORT

The Planning Policy and Partnerships Service Manager presented the Partnerships annual report (report number PLA951). The council was part of four significant partnerships (where a partnership was required by statute, where the council was the accountable body or where the partnership had a budget of more than £100k): Bourne Town Centre Management Partnership (TCMP), Grantham Growth Point, the Local Strategic Partnership and the Community Safety Partnership. Committee members noted that there was no activity in respect of the Bourne TCMP during 2011-12. Summaries of the work of the Council's other strategic partnerships were attached as appendices to report PLA951.

It was noted that the Local Strategic Partnership (LSP) Executive reviewed the partnership and its working arrangements in consultation with members and had consequently been dissolved. The work that was being undertaken by the LSP was subsumed by other bodies. Work in respect of sustainable growth was absorbed by two Grantham Growth Point groups; community cohesion work was subsumed by the Community Safety Partnership and work in relation to healthy living continued as a network group.

Councillors were advised that a toolkit was used to assess partnership arrangements and ensure that there were clear governance arrangements, reporting and accountability, which underpinned all partnerships.

The report was noted.

34. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT.

Committee members were invited to consider any items they would like included in the internal audit plan for 2013-14 and submit them for discussion at the Committee's meeting on 6 December 2012.

A countywide meeting was taking place for all Governance and Audit Committee members on Wednesday 3 October 2012. Councillors were encouraged to attend the session in Lincoln.

35. CLOSE OF BUSINESS

The meeting was closed at 14:48.