

## **Corporate Governance and Audit Committee**

**Friday, 18th September, 2015**

**PRESENT:** Councillor G Hussain in the Chair  
Councillors P Grahame, R Wood,  
J Bentley, A McKenna, P Harrand,  
K Bruce, N Dawson and J Illingworth

Apologies Councillors A Sobel

### **28 Appeals Against Refusal of Inspection of Documents**

There were no appeals against the inspection of documents.

### **29 Exempt Information - Possible Exclusion of the Press and Public**

There were no items identified where it was necessary to exclude the press or public from the meeting.

### **30 Late Items**

Although there were no late items, the Chair did accept the inclusion of supplementary information in respect of Item No.8 Audited Statement of Accounts and KPMG Audit Report (Updated following the previous meeting) - Minute No.36 refers.

### **31 Declaration of Disclosable Pecuniary and Other Interests'**

There were no declarations of Disclosable Pecuniary Interests made at the meeting.

### **32 Apologies for Absence**

Apologies for absence were received for Councillor A Sobel

### **33 Minutes 9th July 2015**

**RESOLVED** – That the minutes of the meeting held on 9<sup>th</sup> July 2015 were accepted as a true and correct record.

## **34 Matters Arising From the Minutes**

Internal Audit Update Report 1<sup>st</sup> February to 31<sup>st</sup> May 2015 – Minute No. 23 refers. Members requested at the last meeting a list of Purchasing Card users.

The Head of Internal Audit reported that the requested information had been circulated to Members.

In offering comment Members referred to paragraphs 9 & 10 of the circulated document. Members requested further details be circulated.

## **35 Report on the review of customer relations 2014-15 and Local Government Ombudsman's Annual Review Letter 2014-15**

The Chief Officer, Customer Access submitted a report which set out a summary of the Council's complaints and Local Government Ombudsman cases for the period 1st April 2014 to 31st March 2015.

The report provided comment on the effectiveness of Ombudsman arrangements and the Local Government Ombudsman (LGO) Annual Review Letter to the Council which assessed the overall effectiveness of the Council's approach to compliments, complaints and feedback

Appended to the report was a copy of the following documents:

- Local Government Ombudsman's Annual Review Letter 2014 -15 (Appendix 1 refers)
- Year End Customer Relations report to Customer Strategy Board date 26th June 2015 (Appendix 2 refers)

The Executive Officer, Customer Relations, Citizens and Communities presented the report and highlighted the following issues:

- Overview of complaints to the Council
- Patterns and trends of LGO/ HOS enquiries and financial settlements
- Implications of changes in LGO/HOS roles and jurisdiction
- Assessment of the effectiveness of the Council's overall approach to compliments, complaints and feedback

Detailed discussion took place on the content of the report which included:

- Timescales for responding to complaints
- Likely under recording of service failures and complaints
- Budgets for Ombudsman compensation payments
- Nature of complaint – Whether relating to poor customer services or complaints about a policy of the Council
- Number/ type of complaint in comparison with other core cities
- Customer satisfaction

In summing up the Chair stated that future Annual Assurance reports to the Committee require greater detail on the whole range of citizen engagement, and acknowledged that often dissatisfaction with council services occurs much earlier in a customer contact with the council.

It was agreed that a Working Group be established to determine the type and level of detail that future reports should contain.

It was agreed that an interim report be brought back to the Committee once the Working Group had met with Officers.

#### **RESOLVED –**

- (i) That a Working Group be established to determine the type and level of detail that future reports should contain.
- (ii) The Working Group to meet and help inform an interim report from the Chief Officer (Customer Access) Citizens & Communities, for submission to the next meeting of the Committee

### **36 Audited Statement of Accounts and KPMG Audit Report**

The Deputy Chief Executive submitted a report that sought Members approval to the Council's final audited Statement of Accounts for 2014/15. The report also requested Members to consider any material amendments identified by the Council or recommended by the auditors.

Appended to the report was a copy of "the management representation letter" (Appendix A refers)

The Principal Financial Manager presented the report and highlighted the following issues:

- KPMG anticipate being able to issue an unqualified opinion on the 2014/15 Statement of Accounts;
- There were no unadjusted audit differences affecting the financial statements;

- KPMG’s review of the Annual Governance Statement had concluded that it was not misleading or inconsistent with information they were aware of from their audit of the financial statements;
- KPMG’s review of value for money arrangements had concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- A post balance sheet event had been recognised to increase the level of the provision for appeals against business rates valuations by £23.9m
- The accounts had been certified by the Responsible Finance Officer as a true and fair view of the Council’s financial position as at 31<sup>st</sup> March 2015.

## **RESOLVED -**

- (i) To receive the report of the Council’s external auditors on the 2014/15 accounts and to note that there were no audit amendments required to the accounts.
- (ii) To approve the final audited 2014/15 Statement of Accounts and the Chair be authorised to sign the appropriate section within the Statement of Responsibilities on behalf of the Committee.
- (iii) To note KPMG’s VFM conclusion that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- (iv) That on the basis of assurances received, the Chair be authorised to sign the management representation letter on behalf of the Committee.

### **37 Internal Audit Update Report 1st June to 31st July 2015**

The Deputy Chief Executive submitted a report which provided a summary of internal audit activity for the period 1st June to 31st July 2015. The report also highlighted the incidence of any significant control failings or weaknesses.

The Acting Head of Internal Audit reported there were no issues identified by Internal Audit in the June to July 2015 Internal Audit Update Report that would necessitate intervention by the Corporate Governance and Audit Committee.

Assurances were provided that Internal Audit would continue to undertake a follow up audit on reports with limited or no assurance, where the impact had been determined as “Major” including those identified by the Committee regarding; support placement decisions in Children’s Services and area cash handling in Adult Social Care to ensure the revised controls were operating well in practice.

In responding to Members questions, KPMG reported that they currently had no concerns regarding the resources available to Internal Audit or the level of coverage being undertaken by the individual audit teams

**RESOLVED –**

- (i) To receive the Internal Audit June to July 2015 Update Report.
- (ii) To note the work undertaken by Internal Audit during the period covered in the report

**38 Employment policies procedures and employee conduct.**

The Chief Officer Human Resources submitted a report which provided assurance that:

- The requirements of employee conduct were established and regularly reviewed
- Requirements relating to employee conduct were communicated
- Feedback was collected on whether expected behaviours were being demonstrated
- Employee conduct was monitored and reported.

The Deputy Chief Officer (HR) presented the report and responded to Members comments and queries.

Detailed discussion took place on the content of the report which included:

- Employee Code of Conduct
- Gifts and Hospitalities
- Employee Register of Interests
- Politically Restricted Posts
- Expectations for Managers and Supervisors
- Appraisal Data
- Handling Disciplinary Matters

Referring to paragraph 3.8 of the submitted report, Members requested that the list of politically restricted posts be made available to Members.

In relation to the level of appraisal, the Committee congratulated Officers in progressing this area of work and also acknowledged the work of Scrutiny (Strategy and Resources) in this achievement.

**RESOLVED –**

- (i) To note the assurances provided regarding employment policies and procedure and employee conduct

- (ii) That the list of politically restricted posts be circulated to Members of this Committee for information

### **39 Financial Management and Control Arrangements**

The Deputy Chief Executive submitted a report which provided assurances that the Council had in place effective and robust arrangements for financial planning, financial control and other financial management activities.

Appended to the report was a copy of “Overarching Financial Control Environment” (Appendix A referred)

The Head of Corporate Finance presented the report and responded to Members comments and queries.

Detailed discussion took place on the content of the report together with the appendices which included:

- Strategic Financial Planning
- Performance Management
- Financial Control Arrangements

The Chair invited Rob Walker from KPMG to comment on the report and in responding Mr Walker said it was the view of KPMG that the necessary control arrangements were in place.

**RESOLVED** – To note the assurances provided that the appropriate systems and procedures were in place to ensure that the Council delivered sound financial management and planning

### **40 Annual Business Continuity Report: Phase 2 Progress Update**

The Deputy Chief Executive submitted a report which provided an update of current progress towards completion of Phase 2 by the target date of September 2015 as requested by this Committee at its meeting in June 2015.

It was reported that all outstanding business continuity plans had been finalised and therefore Phase 2 of the Business Continuity Programme was complete.

In responding to questions from the Chair, it was confirmed that as part of the Phase 2 works, a further 2 services had been identified as critical services requiring services to be back in place within 24 hours.

**RESOLVED** – To note and welcome the completion of the Phase 2 of the Business Continuity Programme and congratulate the Officers involved in achieving this.

#### **41 Annual assurance report on corporate risk and performance management arrangements**

The Deputy Chief Executive submitted a report which provided assurances on the effectiveness of the Council's corporate risk and performance management arrangements: that they were up to date; fit for purpose; effectively communicated and routinely complied with.

It was reported that the report provided one of the sources of assurance the Committee was able to take into account when considering approval of the Annual Governance Statement.

#### **RESOLVED –**

- (i) To receive the annual report on the Council's corporate risk and performance arrangements
- (ii) To note the assurances in support of the Annual Governance Statement

#### **42 Annual Governance Statement**

The City Solicitor presented the Annual Governance Statement for the approval of the Committee.

The Head of Governance Services reported that the City Council had a duty to undertake an annual review of the effectiveness of its systems of internal control. It was reported that the submitted Annual Governance Statement had been prepared in accordance with proper practices specified by the Accounts and Audit Regulations 2015.

The Head of Governance Services said that external auditors KPMG had reviewed the Annual Governance Statement and had confirmed that in their view, the statement complied with the requirements contained in "Delivering Good Governance in Local Government: A framework published by CIPFA/SOLACE (the relevant proper practices) and was not misleading or inconsistent with other information that KPMG were aware of from their audit of financial statements.

Referring to paragraph 3.21 of the Annual Governance Statement Members requested to know if the restructuring of the Grand Theatre Company had been completed.

#### **RESOLVED –**

- (i) To approve the submitted Annual Governance Statement and authorise the Chair to sign the statement on behalf of the Committee

- (ii) To note the intention of the Leader of Council, the Chief Executive, the Deputy Chief Executive and City Solicitor to also sign the statement
- (iii) That a briefing note on the progress of the restructuring of the Grand Theatre Company be circulated to Members by the Head of Governance Services prior to the next meeting of the Committee

#### **43 Work Programme**

The Head of Governance Services presented a report on behalf of the City Solicitor which notified Members of the draft work programme for the 2015/16 year.

Members were requested to consider the draft work programme attached at Appendix 1 of the submitted report and determine whether any additional items need to be added to the work programme.

**RESOLVED** – That the contents of the Corporate Governance and Audit Committee work programme for 2015/16 be noted.