



Audit and Governance Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,
Dorset, DT1 1XJ on Tuesday, 20 September 2016

Present:

Trevor Jones (Chairman)

Kate Wheller, Pauline Batstone, Andrew Cattaway, Matt Hall and Peter Wharf.

Members Attending: Robert Gould attended the meeting in accordance with Standing Order 54(1).

Officers Attending: Sarah Baker (Group Finance Manager), Rupert Bamberger (Audit Manager - South West Audit Partnership), Richard Bates (Chief Financial Officer), Denise Hunt (Senior Democratic Services Officer), Richard Ironside (Finance Manager), Jim McManus (Chief Accountant), Harry Mears (Associate Partner - KPMG), Patrick Myers (Head of Corporate Development), John Oldroyd (Senior Manager - KPMG), Richard Pascoe (Head of ICT and Customer Services), Julie Taylor (Senior Assurance Manager - Complaints), Mark Taylor (Group Manager - Governance and Assurance) and David Wilkes (Finance Manager).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Committee to be held on **Thursday, 26 January 2017.**)

Apologies for Absence

14 Apologies for absence were received from David Harris and Peter Richardson.

Code of Conduct

15 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

Minutes

16 The minutes of the meeting held on 8 June 2016 were confirmed and signed.

Progress on Matters Raised at Previous Meetings

17 The Committee noted the progress on matters raised at previous meetings.

Public Participation

18 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received in accordance with the County Council's petition scheme at this meeting.

Statement of Accounts

19 The Committee considered a report by the Chief Financial Officer on the Statement of Accounts which was the subject of a short powerpoint presentation.

A member highlighted that the accounts did not reflect upon local government reorganisation in terms of devolved budgets and that a graph demonstrating the impact of the reduction in the revenue support grant on the ability to provide services would also be helpful. Officers advised that the layout of the Statement of Accounts was prescribed by statute and that although reference to savings was made in the narrative, the reasons why were not clearly set out. Officers would also investigate incorporating local government reorganisation into the document in future.

Members noted how the Authority's negative cash balance had been offset by the cash balance of the Dorset Local Enterprise Partnership (LEP) in order to arrive at an overall net cash surplus and questioned the impact if there were changes in the way in which LEPs operated.

The Chief Financial Officer advised members that the LEP received its money in a lump sum in advance to pay for all schemes, all of which was committed. The opportunity existed for the Authority to use its cash balances to pay for the capital programme and thereby avoid additional borrowing. If the situation were to change then the Authority would borrow in order to support the capital programme.

The Leader stated that a combined authority with a growth unit sitting beneath it would provide an opportunity for transparent governance arrangements and better accountability, particularly since Dorset did not have the geographical complexities experienced in other parts of the country.

The Chairman asked about the level of central reserves and at what point these would become exhausted and was advised that if spending continued at the same level as now then central reserves would be reduced to zero in two years' time.

Children's Services would be overspent in 2016/17, however, this was expected to reduce following a restructure and changes in the service implemented from 5 September 2016. The Director for Children's Services had discussed the changes with the Budget Strategy Task & Finish Group the previous day and the results of the changes were expected in the next quarter. This posed a serious risk to the Authority and if a reduction in spending was not achieved then other actions would need to be taken in order to drive down costs.

Resolved

That the Statement of Accounts for the year ended 31 March 2016 be approved.

Reason for Decision

Under the Accounts and Audit (England) Regulations 2015, the Statement of Accounts and Annual Governance Statement must be approved by the Council, or a Committee to which the Council had delegated authority by 30 September.

External Audit Report 2015/16

20 The Committee considered a report by KPMG, the Authority's external auditors that included the key findings arising from an audit of the 2015-16 financial statements and work to support the Value for Money (VFM) conclusion.

The Associate Partner, KPMG confirmed his intention to sign off the Statement of Accounts the following week.

In response to questions in relation to follow-up of prior year recommendations with regard to supporting evidence for starters and leavers to the pension fund, the Chief Financial Officer would follow this up with the Pensions Manager and ensure that information was available at the Pensions Board meeting.

Noted

Internal Audit Quarterly Report

- 21 The Committee considered a report by the Chief Executive that included a summary of work by the South West Audit Partnership (SWAP), the Council's internal audit service.

The Assistant Director (SWAP) confirmed that all key risks had been mitigated with regard to the audit of country parks which was highlighted at the June 2016 meeting.

Members raised concerns regarding significant risks identified at the Dorchester Learning Centre and also enquired about the content of a review of Safer Recruitment, which was at draft report stage. It was agreed that the reports would be shared with the Chairman of the Safeguarding Overview & Scrutiny Committee to discuss and agree a way forward, and potential consideration at its next meeting on 5 October 2016.

Resolved

That a summary of progress in relation to significant risks identified at the Dorchester Learning Centre be circulated to the Committee and shared with the Chairman of the Safeguarding Overview and Scrutiny Committee.

Joint Working - Opportunities, Risks and Considerations

- 22 The Committee considered a report by South West Audit Partnership (SWAP) which outlined the opportunities and risks of working collaboratively with others. It also acknowledged specific work that had been progressed through the Audit and Scrutiny Committee and the Cabinet last year and also cited some useful checklists.

It was acknowledged that the request for information by the previous Audit and Scrutiny Committee had been superceded by local government reorganisation. However, the report emphasised a due diligence approach to joint working and a move towards strong governance arrangements.

Noted

Budget Monitoring - August 2016

- 23 The Committee considered a report by the Chief Financial Officer which provided information on the forecast of outturn against the budget for the 2016/17 financial year.

The Chief Accountant introduced the report and highlighted the area of highest budgetary risk being within Children's Services and the measures being taken to reduce spending described earlier in the meeting.

The Chairman suggested that savings should not necessarily be found by the overspending directorate at the expense of vulnerable children. However, other members considered this was outside of the Committee's remit and did not support this view.

Members were advised that part of the overspend in Children's Services could be addressed through better financial management and ensuring managers took responsibility for service budgets. Those managers could be asked to attend Audit and Governance Committee to provide context, information and respond to questions as appropriate.

The Leader invited Councillors Trevor Jones, Peter Wharf and Kate Wheller to the next meeting of the Budget Strategy Task & Finish Group to hear the update from Children's Services.

Noted

Treasury Management and Prudential Code Review 2015/16

- 24 The Committee considered a report by the Chief Financial Officer which provided an annual review of performance that described activity compared to the Treasury Strategy.

Noted

Review of Council Tax Single Person's Discount

- 25 The Committee considered a report by the Chief Financial Officer which included an update on work to review the Council Tax Single Person's Discount.

The Chief Accountant confirmed that a contract had been signed with Capita to commence work in April 2017 alongside two revenues and benefits partnerships, however, this did not include Bournemouth Borough Council. A planning meeting would take place with Capita in September 2016.

Members asked about the financial benefit to the Council as a result of the previous investigation into the Council Tax Single Person's Discount. It was confirmed that there had been a financial benefit of £700k, representing 0.35% of the Council Tax base.

It was also confirmed that local government reorganisation would not unduly impact on this work due to joint working arrangements already in place.

Noted

DES Business Continuity Update

- 26 The Committee considered a report by the Chief Executive which had been requested by the former Audit and Scrutiny Committee in November 2015, following issues identified by KPMG, the external auditors.

Following a question regarding the weakness identified in relation to the gradual loss of the telephone service following the disaster recovery process, it was confirmed that migration to a new network to resolve this issue would cost £26k and an ongoing cost of £3k per year.

The Committee noted that this had been identified in the external auditors report as a follow-up of the prior year recommendations and were assured that the matter had now concluded.

A request was made to include councillors in ICT security related training and awareness for staff.

Noted

Learning from Service Failures in other Authorities and Implication for Governance

- 27 The Committee considered a report by the Head of Corporate Development highlighting the causes and impact of service and governance failures across organisations through illustrations.

Following introduction of the report, the Chairman highlighted the need for any new unitaries to be better equipped to identify failings through embedded governance arrangements and asked about member involvement in this work following the business case to central government.

The Head of Corporate Development advised that oversight by members had not yet

been addressed within this process. However, other unitary authorities such as Cornwall County Council had put in place implementation boards that had worked very well, keeping an eye on business as usual whilst overseeing development of the new structures that were required.

The Group Manager – Governance and Assurance advised that the Audit and Governance Committee should be the main oversight committee for those types of arrangements to provide independent challenge. Members agreed that this represented an enhanced role for this Committee and that it would need to be robust in its “critical friend” approach. It was further noted that the Annual Governance Statement, a key element of the Statement of Accounts, would provide a recognised, clear and structured framework for the Committee to assess any new arrangements coming forward.

It was confirmed that reports to the Audit and Governance Committee could be included in the reporting timeline. A report to formalise arrangements would be considered by County Council in November 2016, following which a work programme on this matter could be established.

Noted

Corporate Compliments and Complaints Annual Report 1 April 2015 to 31 March 2016

28 The Committee considered a report by the Chief Executive which was introduced by the Senior Assurance Manager (Complaints) who had responsibility for the Corporate Complaints Team. She explained that overall the complaints were going down, but that complaints in respect of Children’s Services were increasing in line with national and regional trends.

In response to questions the following points were confirmed:-

- The team worked closely with the Directorate management teams and the Chief Executive’s PA in order to capture all complaints across the organisation quickly.
- Part of the resolution focus of the team ensured that contact was made with complainants to confirm the outcomes they were seeking if this was unclear.
- Where appropriate opinions were sought from Legal Services or the Local Government Ombudsman link officer in order to make the correct judgement on a complaint.
- Ensuring appropriate investigation of the issues in relation to frequent complaints and a tailored approach to dealing with complainants, particularly with regard to some service users.
- Monitoring of vexatious or unreasonable complaints through a single point of contact. However, it was not preferable to deny a person contact altogether as they may need to contact other service areas provided by the Council.
- Always seeking to maintain an open and objective consideration of the complainants made.
- Actively pursuing a ‘learning organisation’ approach to ensure that recurrent issues and themes are identified, escalated and improvements implemented.

Resolved

- 1 That publication of the annual report 2015-16 be approved; and
- 2 That member training and awareness sessions be investigated.

Reason for Decision

To provide information and assurance on the council’s proactive approach to the management of complaints.

Forward Plan

29 The Committee noted its work programme.

Questions from County Councillors

30 No questions were asked by members under Standing Order 20 (2).

Meeting Duration: 10.00 am - 12.10 pm