

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 20 MARCH 2019

Present: Councillor V Richichi (Chairman)

Councillors R Ashman, J Clarke, J Cotterill, D Harrison, G Hoult, G Jones and S Sheahan

Officers: Mrs T Bingham, Mrs L Marron, Mrs R Wallace and Miss E Warhurst

External Audit: Ms L Fanning and Mr M Surridge

**35. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor S McKendrick.

**36. DECLARATION OF INTERESTS**

There were no declarations of interest.

**37. MINUTES**

Consideration was given to the minutes of the meeting held on 5 December 2018.

By affirmation of the meeting it was

RESOLVED THAT:

The minutes of the meeting held on 5 December 2018 be approved as a correct record and signed by the Chairman.

**38. ANNUAL AUDIT LETTER**

The Head of Finance presented the report to Members.

In response to a question from Councillor D Harrison, the Head of Finance reported that she was happy with the statement given by external audit regarding the valuation of PPE.

In response to a request from Councillor D Harrison, the External Auditor gave some clarification on the assumptions within the Annual Audit Letter.

It was moved by Councillor G Hoult, seconded by Councillor J Cotterill and

RESOLVED THAT:

The 2017/18 Annual Audit Letter be noted.

**39. EXTERNAL AUDIT RECOMMENDATIONS PROGRESS REPORT**

The Head of Finance presented the report to Members.

Councillor S Sheahan asked if the revaluation of assets issue had been resolved and if there were any financial impacts. The Head of Finance reported that there were some issues with the migration of data and historical costs, therefore it was not yet resolved. She assured Members that there was no financial impact as it was in relation to accounting treatments only.

It was moved by Councillor J Cotterill, seconded by Councillor R Ashman and

Chairman's initials

RESOLVED THAT:

The progress made be noted.

#### **40. EXTERNAL AUDIT PLAN**

The External Auditor presented the report to Members.

Councillor S Sheahan commented that he was cautious of the leisure centre project and asked for any guidance on what to monitor over the next few years. The External Auditor stated that Members would be monitoring process of the project through the risk register assurances and the 2019/20 Audit Plan. The Audit Manager informed Members that the leisure service procurement would be looked at in due course. The Head of Finance gave assurances that the project would not go over budget and that the contract was still being worked on.

It was moved by Councillor D Harrison, seconded by Councillor G Jones and

RESOLVED THAT:

The External Audit Plan for 2018/19 be noted.

#### **41. INTERNAL AUDIT PROGRESS REPORT FEBRUARY 2019**

The Audit Manager presented the report to Members.

At the request of Councillor R Ashman, the Internal Audit Manager clarified the process of post inspection of works and explained it was in relation to the recording of the inspections, not the actual work that has been completed.

Councillor S Sheahan expressed concerns that the audits listed were mostly for the housing service, he asked if this would trigger an investigation into the possible causes for the problems. The Audit Manager explained that if more concerns arose during the audit then the decision could be taken to explore further. Councillor S Sheahan asked if it was possible to invite the head of service to the next meeting to discuss the matter further. The Head of Legal and Commercial Services advised Members that an invitation could be made to the head of service if it was to discuss the outstanding audits, anything else would need to be taken through scrutiny. Councillor S Sheahan was happy for the matter to be taken to scrutiny, in particular an investigation into the client and contractor relationship.

At the request of Councillor J Clarke, the Audit Manager gave some clarification on the audit for the housing contractors referred to in the progress report.

It was moved by Councillor J Clarke, seconded by Councillor R Ashman and

RESOLVED THAT:

The report be noted.

#### **42. INTERNAL AUDIT ANNUAL PLAN 2019/20**

The Audit Manager presented the report to Members.

It was moved by Councillor D Harrison, seconded by Councillor J Hoult and

RESOLVED THAT:

- a) The report be noted.
- b) The 2019/20 Internal Audit Plan be approved.

#### **43. GRANTS AND CLAIMS ANNUAL REPORT**

The Head of Finance presented the report to Members.

It was moved by Councillor D Harrison, seconded by Councillor J Cotterill and

RESOLVED THAT:

The report be noted.

#### **44. PROGRESS UPDATE IN RESPECT OF IMPROVEMENTS IDENTIFIED THROUGH THE ANNUAL REVIEW OF GOVERNANCE 2017/18**

The Head of Finance presented the report to Members.

In response to a question from Councillor V Richichi, the Head of Finance could not give an exact timescale, noting that many of these improvements could span more than one financial year and that going forward these timescales would be communicated to members in future update reports. for the completion of the remaining seven improvement areas but as the first seven improvements had been completed since October, it was not expected to take an extended period of time.

Councillor J Clarke asked if the improvements that had been carried over from 2016/17 had been completed. The Head of Finance agreed to find out the details and report back to Councillor J Clarke outside of the meeting.

Councillor G Hoult pointed out that the key to the related principles in appendix 1 was incomplete and the Head of Finance agreed to circulate the full wording.

It was moved by Councillor G Hoult, seconded by Councillor R Ashman and

RESOLVED THAT:

The report be noted.

#### **45. 2018/19 MATERIALITY LEVEL AND ACCOUNTING POLICIES**

The Head of Finance presented the report to Members.

In response to a question from Councillor D Harrison, the Head of Finance explained that there was a methodology for calculating the minimum level of reserves for the general fund, which was agreed in February 2018. She assured Members that the reserve was currently well within the tolerance level.

It was moved by Councillor D Harrison, seconded by Councillor J Clarke and

RESOLVED THAT:

- a) The draft accounting policies for 2018/19 financial statements be approved.
- b) The materiality levels as set out in appendix B be approved.

Chairman's initials

#### **46. STANDARDS AND ETHICS - QUARTER 3 REPORT**

The Head of Legal and Commercial Services presented the report to Members. She informed Members that the method of reporting the information in the future was being reviewed and asked for volunteers to discuss the matter further. Councillors J Clarke and S Sheahan volunteered.

It was moved by Councillor D Harrison, seconded by Councillor G Hoult and

RESOLVED THAT:

- a) The report be noted.
- b) Councillors J Clarke and S Sheahan meet with the Head of Legal and Commercial Services to discuss the future reporting of the standards and ethics information.

#### **47. TREASURY MANAGEMENT ACTIVITY REPORT APRIL 2018 TO FEBRUARY 2019**

The Head of Finance presented the report to Members.

It was moved by Councillor G Jones, seconded by Councillor M Specht and

RESOLVED THAT:

The report be approved.

#### **48. CORPORATE RISK UPDATE**

The Head of Finance presented the report to Members.

It was moved by Councillor R Ashman, seconded by Councillor G Jones and

RESOLVED THAT:

The Corporate Risk Update be noted.

#### **49. DRAFT MEMBER CONDUCT ANNUAL REPORT**

The Head of Legal and Commercial Services presented the report to Members.

It was moved by Councillor G Hoult, seconded by Councillor J Clarke and

RESOLVED THAT:

- a) The Draft Member Conduct Annual Report be noted.
- b) The authority to make any minor amendments to the report following the meeting of the Audit and Governance Committee be delegated to the Head of Legal and Commercial Services.

RECOMMENDED THAT:

Council endorse the Member Conduct Annual Report.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.56 pm

Chairman's signature