
GOVERNANCE COMMITTEE
MINUTES OF THE MEETING HELD ON 24 JULY 2017

Present: Councillors Barnes-Andrews (Chair), Keogh (Vice-Chair), Inglis, Noon and O'Neill

Apologies: Councillors Jordan and Parnell

13. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 12th June 2017 be approved and signed as a correct record.

14. **ANNUAL REPORT ON THE MEMBERS' CODE OF CONDUCT**

The Committee received and noted the report of the Service Director: Legal and Governance detailing the Annual Report on the Members' Code of Conduct for 2016/17 and providing oversight of the new code, a summary of the complaints received and any action taken.

15. **ANNUAL GOVERNANCE STATEMENT 2016-17**

The Committee considered the report of the Chief Financial Officer detailing the final draft of the Annual Governance Statement 2016/17 as detailed in Appendix 1 of the report which the Council was required to develop and publish in accordance with the Accounts and Audit Regulations.

The Committee particularly noted the additional wording that had been added to pages 19, 23 and 24 of the first draft of the Annual Governance Statement which had been presented to the June meeting of the Committee and which was highlighted in bold.

RESOLVED: that the final draft of the Annual Governance Statement for 2016/17 as detailed in Appendix 1 of the report be approved.

16. **FINANCIAL STATEMENTS FOR 2016/17**

The Committee considered the report of the Section 151 Officer detailing the Financial Statements for 2016/17 which were required in accordance with the Accounts and Audit Regulations 2015.

The Committee noted that External Auditors Ernst & Young had commenced an Annual Audit on 5th June which was completed on 14th July and the report detailed findings to date, noted in the draft annual audit of any major changes to the Financial Statements arising from the annual audit.

The Committee noted that following the annual audit there were no material changes or effect on the Financial Statements and paragraphs 6 to 9 and appendix 1 of the report provided the revisions that had been made to the Statement of Accounts. Particular reference was made to the entries regarding the HRA which were now dealt with by Corporate Finance opposed to service areas and the pension deficit. In relation to the pension deficit the Committee requested that a detailed position statement be submitted to the next meeting for consideration.

RESOLVED:

- (i) That the changes to the Financial Statements 2016/17 as a result of the annual audit as detailed in paragraphs 6 to 9 and appendix 1 of the report be noted; and
- (ii) That the audited Financial Statements 2016/17 be approved; and
- (iii) That a report be submitted to the next meeting of the Committee providing a detailed position statement on the Pension Fund.

17. INTERNAL AUDIT PROGRESS REPORT

The Committee received and noted the report of the Chief Financial Auditor providing an internal audit progress report for the period 1st April – 10th July 2017 in accordance with the Public Sector Internal Audit Standards.

18. RISK MANAGEMENT DEVELOPMENT PLAN - STATUS REPORT

The Committee received and noted the report of the Service Director Finance and Commercialisation providing a progress report on the Risk Management Development Plan and a status report as detailed in appendix 1 of the report.

19. EXTERNAL AUDIT - AUDIT RESULTS REPORT

The Committee received and noted the report of External Auditors Ernst Young detailing the Audit Results as set out in appendix 1 of the report.

The Committee particularly noted that within section 4 of the report an audit difference had been identified relating to capital and revenue recharges, however this would not be corrected and would be addressed in the Letter of Representation detailed in minute 20 below. In addition the Committee noted that there had been no objections from members of the public and no independence issues and in comparison to the previous year's audit the authority "was in a good place".

20. EXTERNAL AUDIT LETTER OF REPRESENTATION

The Committee considered the report of the External Auditor Ernst Young regarding the Letter of Representation which was required to declare to the auditor that in so far as the signatory was aware that all relevant matters had been declared to the auditor and where appropriate presented in the financial statements.

The Committee noted the revised Letter of Representation circulated at the meeting which had an additional paragraph under A5 which related to the capital and revenue recharges identified in the external audit results and provided the reason for the difference identified not being corrected as it was immaterial to the financial statement taken as a whole. The remainder of the Letter of Representation remained the same as that circulated with the papers for the meeting.

RESOLVED: that the revised Letter of Representation be approved.

21. **DIRECT PAYMENTS**

The Committee received and noted the report of the Service Director: Adults, Housing and Communities detailing actions that had been taken to address concerns raised in the internal audit review of direct payments which had given an opinion of “no assurance”.

The Committee noted that a robust action plan was in place to respond to the internal audit opinion and that Full Council had at its meeting on 19th July 2017 approved an additional £350,000 to establish a dedicated direct payments team which would support delivery of the management action plan and would be funded during 2017/18 by a Government grant.

The Committee requested that a workshop be arranged for all Members of the Council to provide an oversight of the processes for Adult Social Care Direct Payments and the customer’s journey.

22. **PROCUREMENT (SUB £100K) UPDATE**

The Committee considered the report of the Service Director: Digital and Business Operations detailing Procurement sub £100k spend and the findings of an audit of below £100k procurement activities in 2016/17, associated issues and the remedial actions to be taken.

RESOLVED:

- (i) That the report be noted; and
- (ii) That a progress report be presented to the Committee in January 2018.