

## Attendance

### Members of the Audit and Risk Committee

Cllr Alan Butt (Chair)  
Cllr Jonathan Yardley (Vice-Chair)  
Cllr Mary Bateman  
Cllr Philip Bateman MBE  
Cllr Barbara McGarrity QN  
Cllr Lynne Moran  
Mike Ager (Independent Member)

### Employees

Ian Cotterill	Audit Business Partner
Kate Martin	Director of City Assets and Housing
Emma Bland	Finance Business Partner
Peter Farrow	Head of Audit
Dereck Francis	Democratic Services Officer
Claire Nye	Director of Finance
Mark Lowthian	Service Support Manager
Alison Shannon	Chief Accountant
Mark Wilkes	Audit Business Partner

### External Auditors – Grant Thornton

Mark Stocks

---

## Part 1 – items open to the press and public

*Item No.*     *Title*

- 1 Apologies for absence**  
Apologies for absence were submitted on behalf of Councillors Craig Collingswood and Roger Lawrence and John Humphries, Independent Member.
- 2 Declaration of interests**  
No declarations of interests were made.
- 3 Minutes of the previous meeting - 10 June 2019**  
Resolved:  
That the minutes of the previous meeting held on 10 June 2019 be approved as a correct record and signed by the Chair.

4 **Matters arising**

With reference to Minute 5 (External Audit Progress Report and Update), Councillor Jonathan Yardley asked whether the contract for the Second Phase of Construction of the Civic Halls had been executed and whether the 10% bond had been taken out. He also asked whether the information was available in response to his requests regarding, the value on the Second Phase of the Construction, and on exit packages and the detail behind the remuneration table referred to in the Statement of Accounts (Minute 6 - Draft Statement of Accounts 2018-2019 refers). Claire Nye, Director of Finance reported that she would confirm the position on the execution of the contract and the 10% bond. HR had indicated that a breakdown could be provided of the exit packages but not the individuals named. The detail behind the remuneration table had now been collated and together with the information in response to the other queries, would be forward to the Committee.

With reference to Minute 8 (Strategic Risk Register and Strategic Assurance Map), Councillor Philip Bateman MBE reported that he had received a response to his question on health and safety issues from the spraying of friendly weed killers in the city. He was satisfied with the response.

5 **Audited Statement of Accounts 2018-2019**

Mark Stocks from the Council's external auditors, Grant Thornton, took the Committee through the headlines and key findings from their report on the audit of the Council's Statement of Accounts for 2018-2019. He informed the Committee that the audit was substantially complete. A few adjustments had been made and unadjusted errors identified in the Statement of Accounts. The financial statements were of a good standard and he intended to issue an unqualified audit opinion. Regarding their Value for Money Conclusion on the Council's value for money arrangements, he informed the Committee that audit work on the Civic Halls was ongoing. As such they had not been able to conclude their work on the Council's Use of Resources. It was hoped that their work on the Civic Halls would be completed before the end of the month.

Councillor Philip Bateman MBE commented that the Committee needed to be mindful of the contents of the Auditors report and that local government was in for a difficult time. He also highlighted from the report the auditors comments about the Council's future savings plans and on the need for them to be delivered.

Mike Ager, Independent Member asked whether the Committee would receive a fuller report on the areas where the external auditors work was ongoing. Mark Stocks reported that if minor amendments are made to the Statement of Accounts, he would ask that the Chair of the Committee take delegated action to approve the amended accounts. In terms of the ongoing work on the Civic Halls, he would report on that at the end of the discussion on his report. Claire Nye, Director of Finance added that the final report on the Audit of the Council's Statement of Accounts would be submitted to the Committee during autumn as a matter of course.

Councillor Philip Bateman MBE asked whether the auditor was satisfied with the Council's progress on the implementation of the Strategic Asset Management arrangements. Mark Stocks reported that he had presented his concerns to the Committee in previous updates on their audit work. Now that the Council had arrangements in place for managing and utilising its assets effectively to support delivery of strategic priorities, he would like to see them implemented. Now that

plans are in place, he no longer saw the issue as a risk. He was comfortable with the arrangements and would keep an eye on progress. The Director of Finance informed the Committee that the 'Our Council Scrutiny Panel' would be scrutinising the overall management of the Council's strategic assets.

Resolved:

1. That the formal publication of the 2018-2019 Statement of Accounts, as required by the Accounts and Audit Regulations 2015, which require publication by 31 July 2019 be approved.
2. That the draft Management Representation letter which would be signed by the Director of Finance on behalf of the Council be approved.
3. That authority be delegated to the Chair of the Audit and Risk Committee to agree subsequent changes to the Statement of Accounts and Management Representation letter in consultation with the Director of Finance, should there be any audit adjustments.
4. That the 2018-2019 report to those charged with governance from the Council's External Auditors, Grant Thornton be noted.
5. That it be noted that the Council's external auditors intend to issue an unqualified opinion on the Statement of Accounts 2018-2019, subject to the outcomes of remaining elements of audit work.
6. That it be noted that the external auditors have identified no material errors which are expected to remain unadjusted in the amended Statement of Accounts.

## 6 **Tenancy Management Organisations - Audit Review Update**

Kate Martin, Director of City Assets and Housing gave a brief explanation as to why she had requested Internal Audit undertake reviews of the Council's four Tenant Management Organisations (TMOs) in 2018-2019. Mark Lowthian, Service Support Manager went on to present the progress report on the implementation of the recommendations arising from the reviews. Across the four audit reports there were a total of 111 recommendations. 103 (93%) had been signed off as implemented by the Housing Strategy team.

Members of the Committee observed that the number of recommendations was high but thorough. They asked about the plans for the outstanding eight recommendations. The Service Support Manager reported that the four comprehensive audits were a measured response. It drew out a number of themes that all four TMOs needed more support on. Some of the issues would require significant areas of work such as equalities, health and safety and governance. The Director of City Assets and Housing added that some of the audit recommendations were short and were able to be closed down relatively quickly. The key items from the reviews had been closed down. Others formed part of a long term improvement plan. Those changes would take longer to embed and resources to enable their successful delivery. The Service Support Manager also reported that in terms of lessons learned from the internal audit process, it was felt that the level of assurance was now higher than it was a year ago. In future, a more targeted mini audit approach would be followed rather than the full audit approach undertaken.

Councillor Philip Bateman MBE asked about the benchmarking used to judge the TMOs effectiveness compared to others. The Director of City Assets and Housing reported that there were a number of approaches being taken but the TMOs did need to benchmark more and this would be progressed. Key performance indicators for the TMOs that are reported to the Cabinet (Performance Management) Panel on a quarterly basis had recently been reviewed. National rigour would also be introduced on local authority housing business against which the TMOs would performance manage and respond.

Councillor Barbara's McGarrity QN asked whether the TMOs held joint training events. The Service Support Manager confirmed that they came together when there was value to be gained from joint meetings and when it was cost effective to do so. This included training events or management agreement meetings where there were shared issues under discussion.

Resolved:

That the update on the implementation of the recommendations arising from the recent internal audit reviews of the Council's Tenancy Management Organisations be noted.

## 7 **Exclusion of the press and public**

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business as it involves the likely disclosure of exempt information falling within the paragraph 1 of Schedule 12A of the Act.

## **Part 2 - exempt items, closed to press and public**

### 8 **Audited Statement of Accounts 2018-2019**

Mark Stocks from the Council's external auditors Grant Thornton presented a report on two issues that they investigated during the course of work against their Audit Plan. One issue related to a complaint, part of which was whistleblowing in nature. The second issue related to the governance and sign off of a severance package.

Members of the Committee were concerned that the Council's Contract Procedure Rules had not been followed in full in relation to the first issue.

In response to questions Claire Nye, Director of Finance confirmed that the recommendations from an Internal Audit review would be monitored to make sure they are implemented. The recommendation from the external auditor on the second issue relating to procedures for approving senior manager severance packages, would also be followed up.

Returning to the Civic Halls, Mark Stocks reported that their audit work was nearly complete. He asked the Committee if it wished to receive the report with their findings at the September 2019 meeting of the Committee or to call a special meeting before the end of July 2019. The Chair indicated that he would be happy if the Committee met on 31 July. The Committee were in agreement.

Resolved:

1. That the Audit Findings Report provided by Grant Thornton be noted'.

2. That a Special Meeting of the Committee be arranged for 31 July 2019 at 10 am to receive an update from the external auditors on their Value for Money Arrangements Conclusions following completion of their audit work on the Civic Halls.