

## **Audit and Risk Committee – Meeting held on Thursday, 11th December, 2014.**

**Present:-** Councillors Chohan (Chair), Dhaliwal, Zarait (Vice-Chair) and Mr Kwatra

**Apologies for Absence:-** Councillor Mansoor and Sandhu

### **PART 1**

#### **15. Declarations of Interest**

None were declared.

#### **16. Minutes of the last meeting held on 23rd September 2014**

**Resolved** – That the minutes of the meeting held on 23<sup>rd</sup> September 2014 be approved as a correct record, subject to an amendment to minute 10, paragraph 9, to delete the words ‘with an expectation that the audit needed improving moving forward.’

#### **17. Audit and Risk Management Update - Quarter 2 2014/15**

Members were provided with an update regarding the Audit and Risk Management Quarter 2 report. It was noted that the overall internal audit reports continued to be finalised at a more appropriate rate than in the previous financial year and of the 2013/14 internal audits, none were outstanding.

The Assistant Director, Audit and Finance reminded the Committee that following concern expressed at the previous meeting regarding the speed of school audits being finalised on time; the Chair of the Committee had written to those schools who had had outstanding audits for a significant period of time. Whilst a number of schools had now responded, officers had prepared a draft protocol to enable an escalation process for school’s audits to be finalised more promptly. Proposals within the draft protocol would allow Members to request that the respective Chair of Governors attend a meeting to respond to the Committee’s concerns. The draft protocol would be submitted to the Committee in March 2015, following consideration of the protocol by the Schools Forum.

It was brought to Members attention that the number of implemented recommendations following Internal Audit reports had increased to 69% from a range of 52% to 62% over the past year.

Details of the Corporate Risk Register and Risk Management Strategy 2013-2015 were also briefly highlighted.

**Resolved** – That details of the Audit and Risk Management Update Quarter 2 be noted and the draft protocol regarding calling in respective

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Chair of Governors be submitted to the Committee in March 2015.

### **18. Financial and Performance Report - Quarter 2 2014/15**

The Assistant Director, Finance and Audit, provided Members with the latest financial information forecast for the financial year 2014/15. The Council was forecasting an overspend of £.76m as at month 6 and the main service area for the variation from budget was the Children and Families Services within the wellbeing directorate. It was explained that additional pressure related to the increase in court mandated mother and babies placements. A Member queried whether the financial objectives set out would be met. The Assistant Director informed Members that the Council was in a significantly better financial position compared to month 5 when the Council reported a potential £1.55 million overspend and continues a gradual reduction of the forecasted overspend down to the budgeted position.

The latest position for the Council's balanced scorecard was outlined. Key areas of noteworthy concerns flagged as 'red' status included average staff sickness rate (days lost per FTE), percentage of single assessments completed and authorised within 45 working days and number (and %) of Adult Safeguarding Alerts that led to a strategy meeting per month. Overall, five gold projects were assessed as red status and one as amber. None were assessed as green.

In summary, the Council continued to reduce its overspend and remained positive that appropriate action would be taken to ensure that this position was mitigated in full or part by the end of the financial year. It was noted that the Council's General Fund Balance was approximately £800,000 above the minimum reserve levels expected.

**Resolved** – That the Council's current financial position, balanced scorecard and update on Gold Projects be noted.

### **19. Financial Statements 2013/14**

The Committee were reminded that 2013/14 was the first year that the audit deadlines for submitting both the draft and final statement of accounts had been met since 2009/10. A delay in the accounts being prepared had led to a delay in the external auditors opinion being issued in two of the three past financial years. Although the audit had identified a number of material errors in the presentation of the financial statements, it was brought to Members attention that these misstatements were one off issues that had arisen during the audit. Changes to the accounts had been implemented to the satisfaction of the external auditors and should not be an ongoing issue in future years.

As a result of the 2013/14 audit plan, the Council had established an Accounts Closedown Project Group to oversee the preparation for and delivery of the 2013/14 accounts closedown process. Committee Members were informed that the finance team were proposing to perform a nine month closedown of the accounts and it was anticipated that this would take place in

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January 2015. This exercise would identify any issues that may arise during the year and allow further time to seek a solution. It was also highlighted that one of the main tasks associated with the Closedown Project Group was the implementation of the actions contained within the external auditors report to the Audit and Risk Committee in March 2014. The recommendations and progress against these actions were noted.

Members welcomed the closedown exercise and requested that the Committee be informed of any issues that were identified at its next meeting.

**Resolved** – That details of the report be noted.

### **20. Update on Contracts and Improvements in Internal Approvals Processes**

The Interim Director, Contracts, Commissioning and Procurement provided the Committee with an update on the progress that had been made on contracts and improvements in internal approvals processes over the past twelve months. The Officer summarised the specific areas of work activity that had taken place in relation to Contract Procedure Rules, Use of In-tend, Procurement Review Board and Strategic Governance for Major Contracts.

Specifically, Members were referred to progress that had been made with regard to Performance and Benchmarking, following internal audit reports that had highlighted that the performance and benchmarking activity across a range of major contracts were not always robust and consistency of approach varied from contract to contract. It was explained that the Council used the Association of Public Sector Excellence (APSE) Performance Networks to ensure that appropriate performance measures were not only being used but benchmarked and targets set for improvements. It was recognised that measuring supplier key performance was a significant component in achieving value for money and that any measures were used as an integral part of the contract managers duties and responsibilities.

A Committee Member questioned whether the contract register had been implemented and was informed that the register would be available from 16<sup>th</sup> December 2014.

Governance was a major area of focus and an integral part of the process had been communicating with major contract managers about contract documentation and the recording of variation or contract extensions and where legal or procurement advice is required and must be complied with. Understanding lessons learnt from previous procurement activity were also brought to officers attention and the committee were informed that the Strategic Commissioning Cycle was being used assist officers to understand their role in contract re-provisioning.

Responding to what, if any, improvements had taken place in practice following training provided regarding the procurement process, Members were informed that a number of workshops had been held; following which significant improvement had been made. A Member sought assurance that those managers involved with contract management understood there

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responsibilities with regard to the procurement process and best value. The Interim Director stated that whilst it was difficult to provide assurance on this specific point, due to the fact that a number of key posts within the organisation were vacant; the framework that existed would ensure that individuals understood and implemented the procurement process.

Referring specifically to the Interserve Contract, Members were reminded that the contract was due to expire in July 2015. Work had begun in examining the options available to the Council and the timetable for implementation of the contract was outlined. It was suggested that a workshop for Members be arranged in mid January to discuss the business case and options available regarding the new contract that would replace the Interserve contract.

**Resolved** – That the progress made in relation to contracts and improvements in internal approvals processes over the past twelve months be noted.

### **21. Members Attendance Record**

**Resolved** – That the Members Attendance Record be noted.

### **22. Date of Next Meeting - 12 March 2015**

**Resolved** – That the next meeting of the Committee be held on Thursday 12<sup>th</sup> March, 2015 at 6.30pm.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.36 pm)