

Minutes of a meeting of the Governance and Audit Committee held on Friday 26 June 2015 at City Hall, Bradford

Commenced 1100

Concluded 1250

PRESENT – Councillors

CONSERVATIVE	LABOUR
Eaton	M Slater
	Swallow

Apologies: Councillor L Smith

Councillor Slater in the Chair**1. DISCLOSURES OF INTEREST**

- (1) In the interest of transparency Councillor M Slater disclosed an interest as he was a Member of the West Yorkshire Pension Fund Joint Advisory Group and the Investment Advisory Panel.
- (2) In the interest of transparency all those who were Members or beneficiaries of the West Yorkshire Pension Fund disclosed an interest.
- (3) The Director of Finance and the Assistant City Solicitor disclosed an interest in Minute 11 as the report related to the statutory disciplinary process for the Monitoring Officer and Chief Finance Officer.

ACTION: Assistant City Solicitor**2. MINUTES****Resolved -**

That the minutes of the meeting held on 20 March and 17 April 2015 be signed as a correct record.



3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

4 ANNUAL GOVERNANCE STATEMENT 2014-15

In order to meet the statutory requirements set out in the Statement of Accounts and Audit (England) Regulations 2011 it was necessary for the Council to conduct a review of the effectiveness of its governance framework and system of internal control at least once in a year.

The Director of Finance submitted **Document “E”** which set out the requirement to conduct the annual review of the effectiveness of the Council’s governance framework and system of internal control. It reported the conclusions of that review and produced the Annual Governance Statement for 2014-15 to accompany the Council’s Statement of Accounts.

It was reported that a number of governance challenges previously recognised by the Council had been resolved or were progressing during the year. These were explored in greater depth in the Annual Governance Statement (Appendix 1 to Document “E”).

Members were informed that new or continuing governance challenges were detailed in paragraph 6 of Document “E”.

Members expressed concerns on the effects of losing experienced staff due to budget reductions, especially where loss of such resources may have an impact on the management of services protecting vulnerable people.

Concerns were raised on the impact of staff who were undertaking extra work due to vacant posts not being filled or staff sickness, there was an increased burden on the staff that remained which was a worry.

In response to Members’ concerns the Assistant City Solicitor confirmed that Managers had to consider the impact on remaining staff where experienced staff were leaving the Council.

The Director of Finance reported that the Workforce Development Strategy would help to address the issues raised.

Resolved -

That the Committee authorise the Leader of the Council and the Interim Chief Executive to sign the Annual Governance Statement 2014/15 (Appendix 1 to Document “E”), on behalf of the Council, to accompany the Statement of Accounts 2014-15.

ACTION: Director of Finance

5. **REVIEW OF THE CONSTITUTION**

The Assistant City Solicitor submitted **Document “G”** which provided Members with details of proposed amendments to the Constitution for recommendation to Council.

The proposed amendments were detailed in Appendices 1 to 6 of Document “G”.

The Assistant City Solicitor reported that the Food Safety Service Plan was no longer required to be part of the Policy Framework and the proposed amendment at Appendix 2 removed reference to that being part of the Policy Framework which meant it no longer needed to be considered at Council.

Members strongly felt that the Food Safety Service Plan needed to remain in the Policy Framework and considered at Council.

Resolved -

That the adoption of the proposed amendments to the Constitution set out in the Appendices to Document “G” with the exception of Appendix 2 be recommended to Council.

ACTION: Assistant City Solicitor

6. **EXTERNAL AUDIT PROGRESS REPORT FOR THE 2014/15 AUDITS OF CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL AND WEST YORKSHIRE PENSION FUND**

The External Auditor submitted **Document “A”** which updated the Committee on progress with the 2014/15 audits and highlighted key emerging national issues which may be of interest to the Committee.

Members raised concerns on the CIPFA Code of Practice on Transport Infrastructure Assets and the sheer size and complexity of the work involved in meeting the Code; how would the authority itemise the value of all the roads in the district and ensure it was accurate.

The External Auditor reported that officers would need to bring together a reliable set of accounts/records and apply a valuation from those records. The Government having up to date knowledge of infrastructure would help with funding for such activities.

Resolved -

That the external audit progress report was considered.

7. REVIEW OF ARRANGEMENTS FOR SECURING VALUE FOR MONEY

The External Auditors had a statutory duty to confirm that the Authority had made proper arrangements for securing economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion). In identifying value for money risks External Audit considered a wealth of information from meetings with management, review of documents and benchmarking with other authorities.

The External Auditor submitted **Document "B"** which updated the Committee on the risk assessment for the 2014/15 value for money conclusion. The report informed the Committee of the findings from this risk assessment as well as the further work required to give the value for money conclusion.

It was reported that the Council had a strong track record of delivering savings and keeping within budget. However, the budget proposals involved a reduction in reserves of £25m over the next three years and a funding gap of £14m for 2016/17 and £54m for 2017/18 remained. This funding gap was relatively high and the Section 151 Officer had assessed the unallocated resources that would be left at 31 March 2018 as inadequate.

Members were informed that the recommendation in the report included that a reasonable level of unallocated reserves was required to act as a contingency in support of financial planning assumptions and unallocated reserves should not be allowed to fall below the level determined as prudent by the Section 151 Officer.

Members commended the document for being easy to read and understand.

Resolved -

That the review of arrangements for securing value for money was considered and that the recommendation made in the report (Document "B") be addressed when the Medium Term Financial Strategy is updated.

ACTION: Director of Finance

8. AUDIT STRATEGY MEMORANDUM 2014/15 – WEST YORKSHIRE PENSION FUND

The Audit Strategy Memorandum sets out the External Audit plan for 2014/15, it:

- described the approach to the audit opinion on the accounts;
- included the assessment of the significant risks of material misstatement in the accounts; and
- outlined the proposed testing strategy to address the identified risks.

The External Auditor submitted **Document "C"** which set out the plan for the external audit of West Yorkshire Pension Fund for 2014/15.

Members felt that the Pension Board needed to seek assurances that arrangements for managing unquoted investments were adequate.

Resolved -

- (1) **That the Audit Strategy Memorandum for West Yorkshire Pension Fund for 2014/15 was considered.**
- (2) **That the Pensions Board (when established) be requested to seek assurances that arrangements for managing unquoted investments are adequate and report back to this Committee.**

ACTION: *Director of West Yorkshire Pension Fund*

9. GOVERNANCE AND AUDIT COMMITTEE'S LETTER OF REPRESENTATION FOR EXTERNAL AUDIT

The Finance Director submitted **Document "D"** which detailed the requirements of external audit to seek assurance from the Governance and Audit Committee, that Bradford Council had the required controls in place to support the proper governance of the Council's affairs and that the financial statements were protected from fraud and error.

The report included for the Committee's consideration, a draft letter of representation which responded to external audit's questions. If approved the letter of representation should be signed by the Chair on behalf of the Committee and sent to external audit.

Resolved -

That the Committee delegate to the Director of Finance, in consultation with the Chair of Governance and Audit Committee, authority to finalise the wording of the draft letter of representation and to send it to the Council's external auditors on behalf of the Committee.

ACTION: **Director of Finance**

10. COMMUNITY ASSET TRANSFER POLICY AND PROCESS

The Strategic Director, Regeneration and Culture submitted **Document "F"** which informed the Committee of the proposed changes to update the existing Community Asset Transfer Policy approved in 2012. It sought the Committee's comments and recommendations in relation to the proposed changes to the policy and inclusion of a transparent process of evaluation to support the delivery of successful community asset management transfers.

A strong request was made by Members on improving the process on how they were notified of a proposed community asset transfer; they felt that there needed to be an appropriate mechanism in place on how Members were notified and that this should not only be by email and suggested Members also be notified through Ward Action Meetings.

Resolved -

- (1) That the Committee note the proposed changes to Section 7.10 Decision Making in the Community Asset Transfer Policy 2015 (Appendix 1 to Document “F”) in particular the final authorisation of Community Asset Transfer applications be authorised by the Strategic Director of Regeneration & Culture, following the implementation of a framework.**
- (2) That the comments made by the Committee relating to how Members are notified of a proposed community asset transfer be included in the report that is submitted to the Executive.**

ACTION: Strategic Director, Regeneration and Culture

11. AMENDMENTS TO THE CONSTITUTION - DISCIPLINARY PROCEDURES FOR THE HEAD OF PAID SERVICE, MONITORING OFFICER AND CHIEF FINANCE OFFICER

The Deputy Monitoring Officer submitted **Document “G1”** which provided details of proposed amendments to the Constitution for recommendation to Council following the introduction of the Local Authorities (Standing Orders)(England)(Amendment) Regulations 2015. These Regulations changed the statutory disciplinary process for the Head of Paid Service, Monitoring Officer and Chief Finance Officer.

Members queried how Independent Persons were appointed and how long they were allowed to serve on a Committee. The Deputy Monitoring Officer referred to the provisions of the Regulations with regard to the appointment of Independent Persons as detailed in her report.

Members felt that it needed to be clearly stated in the report to Council that Membership of the Chief Officer Disciplinary Committee would not attract a Special Responsibility Allowance.

Resolved -

(1) That the Committee recommend to Council for approval: -

- (a) That a Chief Officer Disciplinary Committee be established with the composition, quorum, and functions as set out in Appendix A to Document G1.**
- (b) The amendments to Article 12A (Staffing Committee) of the Constitution as set out in Appendix B to Document G1.**

- (c) **The amendments to the Officer Employment Procedure Rules as set out in Appendix C to Document G1.**
 - (d) **The amendments to Article 4 of the Council's Constitution as set out in Appendix D to Document G1.**
 - (e) **That Mr Mohammed Shakeel be invited to serve as an independent person on the Chief Officer Disciplinary Committee, and, if he accepts, be appointed to serve on that Committee.**
 - (f) **That the Deputy Monitoring Officer, in consultation with the Chair of Governance and Audit Committee be authorised to identify suitable independent persons appointed by other authorities for appointment to the Chief Officer Disciplinary Committee and bring a further report to Council for the purpose of making the appointments.**
- (2) **That the Committee noted that membership of the Chief Officer Disciplinary Committee would not attract a Special Responsibility Allowance under the Members' Allowances Scheme and that this be included in the report that is submitted to Council.**

ACTION: Deputy Monitoring Officer

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the Committee.