

Minutes of a meeting of the Governance and Audit Committee held on Friday 24 July 2015 at City Hall, Bradford

Commenced 1100
Concluded 1250

PRESENT – Councillors

CONSERVATIVE	LABOUR	THE INDEPENDENTS
Eaton	L Smith	Naylor
	Swallow	
	Thornton	

Councillor L Smith in the Chair

12. DISCLOSURES OF INTEREST

- (1) In the interest of transparency Councillor A Thornton disclosed an interest as he was previously a Member of the Executive.
- (2) Councillor Eaton disclosed an interest in Minute 15 as her son in law was Head of Investment at HSBC.
- (3) In the interest of transparency all those who were members or beneficiaries of the West Yorkshire Pension Fund disclosed an interest.

ACTION: *Assistant City Solicitor*

13. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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



14. **EXCLUSION OF THE PUBLIC**

Resolved –

That the public be excluded from the meeting during the consideration of the items relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 30 April 2015 because the information to be considered is exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972. It is also considered that it is in the public interest to exclude public access to this item.

15. **MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL MEETING HELD ON 30 APRIL 2015**

The Council's Financial Regulations requires the minutes of meetings of the WYPF be submitted to this Committee.

In accordance with this requirement, the Director of West Yorkshire Pension Fund submitted **Not for Publication Document "M"** which reported on the minutes of the meeting of the WYPF Investment Advisory Panel held on 30 April 2015.

Resolved –

That the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 30 April 2015 were considered and no concerns were expressed.

16. **INTERNAL AUDIT ANNUAL REPORT 2014/15**

The Director of Finance presented **Document "H"** which reviewed the service Internal Audit had provided to the Council during the financial year 2014/15.

It was reported that:

- Internal Audit had completed 88% of the 2014/15 audit plan which, for the first time was below the target of 90%.
- Internal Audit's client satisfaction identified that 97% of the respondents said that the "recommendations were useful and realistic" and believed that the audit was "of benefit to management".
- Over 99% of all high priority recommendations made from the work undertaken were accepted by management.
- During 2013/14 staff members in Internal Audit further reduced from 14 officers to 10 which equated to a reduction over the year from 13.6 FTE's to 8.96 FTE's.
- In relation to paragraph 2.7 of Document "H" slow progress had been made on Internal Audit follow ups; Internal Audit would continue to perform follow up audits in 2015/16 and report the outcome to this Committee.
- In relation to the schools audit, concerns were noted on a small number of schools; Internal Audit also published a Newsletter in Autumn 2014 to all schools via Bradford Schools online giving advice and assistance on topical audit, insurance and information governance issues.

- Schools Financial Value Standard (SFVS) training session was developed by Internal Audit and offered to all schools to assist them in completing the SFVS process.
- Joint Internal Audit work with Wakefield was working well.
- The overall Internal Control Environment throughout the Council, with the exception of the concern relating to Continuous Health Care, appeared to be adequate; concerns remained in relation to Continuing Health Care as further action was still required for the full implementation of all the recommendations; a full audit of the system would be undertaken in 2015/16.
- Details of the audits that were taken out of the audit plan for 2014/15, together with the reason why, were shown in Appendix A to Document "H". The audits that were added during the year were also detailed.

Members commented on a number of issues which included:

- At the Health and Wellbeing Development Day on the 7 July 2015, it was agreed that in relation to Continuing Health Care the whole Health and Social Care budget would be pooled; Internal Audit needed to be engaged with that.
- It was of concern that follow-up audits had still not been actioned appropriately.
- It was of concern that six schools and one Pupil Referral Unit provided limited assurances.
- It was surprising that take up of the Schools Financial Value Standard training was not 100%; was it being communicated appropriately?

The Internal Audit Manager reported that further training on SFVS would be offered to schools and communicated to the Business Manager and Governors.

Resolved -

- (1) **That the Committee recognises and supports the work carried out by Internal Audit during 2014/15.**
- (2) **That Committee recognises that the performance of Internal Audit overall is impressive given the reduction in resources.**
- (3) **That further information requested by Members be submitted to the Committee which includes:**
 - **details on how schools are informed of the training available on Schools Financial Value Standard**
 - **work relating to Continuing Health Care and joint commissioning**
 - **progress on follow up audits (detailed in section 2.7 of Document "H")**

ACTION: Director of Finance

16. INTERNAL AUDIT PLAN 2015/16

The report of the Director of Finance, **Document "I"**, outlined the Internal Audit Plan for the financial year 2015/16. The delivery of the audit plan would assist with risks within the systems reviewed being managed to an acceptable level through improvement in internal control.

Members commented on a number of issues which included:

- Required further information on the audit for Transitional Planning detailed in Appendix D to the Internal Audit Plan.
- Services that were commissioned needed to be what the public needed and were a public health priority; needed to bring forward the audit of Public Health Planning.
- Needed a thorough review of governance in education and how different partnerships related to each other and their accountability.

Resolved -

- (1) **That the Committee reviewed and approved the Internal Audit Plan for 2015/16 and requested that further information be provided to the Committee on Transitional Planning and that the Public Health Planning Audit be brought forward.**
- (2) **That the Committee expresses concern that resources to support the Authority's Internal Audit function are lower than other Yorkshire authorities.**

ACTION: Director of Finance

17. CORPORATE FRAUD UNIT – ANNUAL PERFORMANCE INFORMATION

Annually the Committee require that information be provided on the performance of the Corporate Fraud Unit. The report of the Director of Finance, **Document “J”**, provided assurances that the Council's counter fraud arrangements were effective.

It was reported that the number of employee dismissals had increased in 2014/15; 52 investigations into alleged offences of employee fraud theft and for irregularity were carried out by Corporate Fraud Unit in 2014/15, compared with 28 in 2013/14. This increase was linked to a direct result of targeted fraud awareness training which had increased the number of referrals relating to employees.

An update was provided on the new frauds that Corporate Fraud Unit had started to investigate which was detailed in Section 3.6 to 3.9 of Document “J”.

It was reported that Appendix “A” to Document “J” should read 73 prosecutions had concluded in the period; 192 other sanctions, cautions, fines, warnings concluded and 6 dismissals including resignations prior to hearing concluded.

Resolved -

- (1) **That the Committee notes the key performance information at Appendix A.**
- (2) **That the Corporate Fraud Unit be congratulated on their excellent work and the progress made on working in partnership with Wakefield Metropolitan District Council be welcomed.**

18. THE DISPOSAL OF LAND AND PROPERTY

At its meeting of 12 February the Corporate Overview and Scrutiny Committee requested that the Governance and Audit Committee consider during its review of the Council's Constitution whether major asset disposals should be a key decision of Council. The report of the Strategic Director Regeneration and Culture, **Document "K"**, set out current arrangements for decisions to be made about the disposal of land and property and invited the views of the Committee.

It was reported that the Government published the Draft Local Authorities (Functions and Responsibility) (England) Regulations 2015 in January 2015 which proposed changes to the powers of Executive and was subject to consultation for the period 29 January to 6 March 2015.

Schedule 4 of the draft Regulations proposed that any decision to dispose of an asset or to grant a long lease in respect of that asset should not be a function of the Executive where the value of that asset exceeded a defined sum; the draft sets out the threshold of £500,000; the results of the consultation had not yet been published.

Members felt that at this point it was appropriate to continue with the current arrangements and await the implementation of any changes that come into effect as a result of the Draft Local Authorities Regulations 2015 consultation.

Resolved -

That it be recommend to Council that the current arrangements continue and that the situation be reviewed upon the implementation of any changes that come into effect as a result of the Draft Local Authorities (Functions and Responsibilities) (England) Regulations 2015 consultation.

ACTION: Assistant City Solicitor

19. REVIEW OF PROTOCOLS AND THE MEMBERS' CODE OF CONDUCT

At its meeting on 21 November 2014 Governance and Audit Committee considered a report on the Use of Council Resources for Election Purposes and resolved: "*That in light of the issues highlighted in the report (Document "X") the Protocols on Members Use of Council Resources, Member-Officer Relations and the Members Code of Conduct be revisited and submitted to this Committee for consideration.*" The Assistant City Solicitor presented **Document "L"** revisiting the protocols and the Members' Code of Conduct as required.

Members felt a revised report needed to be submitted to the Committee which included information that Members had requested such as the sanction available to Members when a code is breached and protecting staff from bullying.

A Member felt that the last bullet point in paragraph 3.3 of Document "L" needed further consideration as to who should undertake mediation and conciliation of any unresolved problem or breakdown in working relationships between Members and officers.

Resolved -

That a revised report be submitted to the Committee which includes information on sanctions available when a Members' code is breached, protecting staff from bullying and rewording bullet point 4 of paragraph 3.3 to Document "L".

ACTION: Assistant City Solicitor

Chair

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