

Minutes of a meeting of the Governance and Audit Committee held on Tuesday, 25 April 2017 in Committee Room 1 - City Hall, Bradford

Commenced 11.00 am
Concluded 12.20 pm

Present – Councillors

CONSERVATIVE	LABOUR
M Pollard	Johnson Thornton Swallow

Councillor Johnson in the Chair

55. DISCLOSURES OF INTEREST

In the interest of transparency all those who were Members or beneficiaries of the West Yorkshire Pension Fund disclosed an interest.

Action: City Solicitor

56. MINUTES

That the minutes of the meeting held on 28 March 2017 be signed as a correct record.

57. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to inspect reports and background papers.



58. ROLE OF THE REGIONAL SCHOOLS COMMISSIONER AND THEIR RELATIONSHIP WITH THE LOCAL AUTHORITY

It was agreed that consideration of Document “AL” be deferred to a future meeting as the Council had entered the pre-election period and had to comply with the provisions of Section 2 of the Local Government Act 1986 and observe the Code of Recommended Practice on Local Authority Publicity.

Action: Strategic Director, Children’s Services

59. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP HELD ON 26 JANUARY 2017

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

In accordance with the above the Director of West Yorkshire Pension Fund submitted **Document “AJ”** which reported on the minutes of the meeting of the WYPF Joint Advisory Group held on 26 January 2017.

There was a short discussion on new government regulations that had reduced the Fund’s control which resulted in increased employer contributions.

It was reported that previously the priority, under the regulations, when setting contribution rates was stability, whereas now it was to secure its solvency and have regard to the long term cost efficiency of the scheme. In addition there was a review of all results by the Government Actuary’s Department, and together these factors had added to the economic pressures resulting in an increase in contributions.

Resolved-

That the minutes of the WYPF Joint Advisory Group held on 26 January 2017 were considered.

60. AUDIT STRATEGY MEMORANDUM 2016/17 - BRADFORD METROPOLITAN DISTRICT COUNCIL

The External Auditor submitted **Document “AK”** which reported on the Audit Strategy Memorandum that set out the plan for the external audit of City of Bradford Metropolitan District Council for 2016/17.



It was reported that the areas in which External Audit would carry out specific audit procedures to mitigate the risks of material misstatements in the Council's financial statements included:

- Management override of controls;
- Revenue recognition;
- Estimation uncertainty for pension liabilities; and
- Accounting for the valuation of land and buildings of schools converting to academy status.

The External Auditor reported that in the Executive Summary of the report materiality for the financial statements should read £19.5 million as opposed to £11.205 million. Misstatements below a trivial level should read £489,000 as opposed to £336,000.

It was reported that the work External Audit would carry out to form a conclusion on whether the Council had proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources was summarised further on page 10 of the report. One significant risk that had been identified at this stage related to sustainable resource deployment and reflected the on going need for the Council to meet the challenges associated with reductions in the amount of money available to fund services.

There was a short discussion on how the valuation of the Council's land and buildings would be considered. It was stated that the auditor would need to assess whether the in house valuation was reasonable and make a judgement based on a number of considerations such as materiality. External Audit would only report to the Committee if there was a significant difference in the valuation of land and buildings.

In response to a Member's question it was reported that there was a separate materiality judgment for West Yorkshire Pension Fund.

Resolved-

That the Audit Strategy Memorandum for the City of Bradford Metropolitan District Council for 2016/17 was considered.

Action: External Audit



61. INTERNAL AUDIT PLAN 2017/18

The purpose of this report was to inform the Committee of the Internal Audit Plan for the financial year 2017/18, giving the Committee the opportunity to contribute to the plan. It sought to demonstrate that Internal Audit added value to the Council by providing independent and objective assurance of risks to internal control within the Council's systems and processes. The Audit Plan reflected internal stakeholders' needs and the expected needs of the Council's external auditors for 2017/18.

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. This provided the external auditors with audit assurance on the Council's fundamental financial systems.

The Strategic Director of Corporate Services submitted **Document "AM"** which reports on the Internal Audit Plan and detailed the work planned for the financial year 2017/18.

It was reported that further developments had taken place since the report was published in that the West Yorkshire Pension Fund had requested additional audits and therefore a new temporary senior audit post had been recruited to cover the additional work requested and other work that was required. It was reported that the post would be funded through WYPF.

Members were informed that discussions were taking place to move to a 5 Year Internal Audit Plan.

Resolved-

That the Internal Audit Plan for 2017/18 was reviewed and approved.

Action: Strategic Director, Corporate Services

62. AMENDMENTS TO THE CONSTITUTION - FINANCIAL REGULATIONS AND CONTRACT STANDING ORDERS

The City Solicitor submitted **Document "AN"** which provided members with details of the annual review of the Financial Regulations and Contracts Standing Orders Sections of the Council's Constitution and made recommendations for their amendment.



In response to a Members question it was reported that certain decisions were undertaken following the procedures relating to Key Decisions in the Constitution.

Resolved-

- (1) That the proposed amendments to the Constitution listed in Appendices 1 and 2 attached to Document “AN” be recommended to Council for adoption and implementation.**
- (2) That the City Solicitor ensures the agreed amendments are implemented.**
- (3) That the City Solicitor be granted delegated authority to make consequential amendments to the Constitution as a result of the recommendations approved by Council.**

Action: City Solicitor

63. REVIEW OF THE CONSTITUTION

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

Members sought clarification on a number of issues relating to the appendices attached to the report.

Resolved-

That the proposed amendments to the Constitution listed in Appendices 1 to 8 of Document “AO” be recommended to Council for adoption and implementation.

Action: City Solicitor

Chair

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

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

