

## Minutes of a meeting of the Governance and Audit Committee held on Thursday, 18 April 2019 in Committee Room 1 - City Hall, Bradford

Commenced 10.00 am  
Concluded 10.40 am

### Present – Councillors

LABOUR	CONSERVATIVE	LIBERAL DEMOCRAT
Johnson Thornton	M Pollard	Reid

Apologies: Councillor Michelle Swallow

### Councillor Johnson in the Chair

#### 61. DISCLOSURES OF INTEREST

No disclosures of interest in matters under consideration were received.

#### 62. MINUTES

Resolved –

**That the minutes of the meeting held on 14 March 2019 be signed as a correct record.**

#### 63. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

#### 64. AMENDMENTS TO THE CONSTITUTION - CONTRACTS STANDING ORDERS AND FINANCIAL REGULATIONS

The Strategic Director, Corporate Resources submitted **Document “AO”** which provided members of the Committee 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.

Members queried the contents of the report in respect of the following issues:-

- On Contract Management and the need for suitable key performance indicators, were template KPIs used?

- On the use of purchasing cards, what was the necessity for operational policy to be reinforced by Contracts Standing Orders?
- Would it be clearer if either the term “Chief Finance Officer” or “Director of Finance” was used instead of both?
- What was the issue referred to in paragraph 16.2 of Contracts Standing Orders?

In response to those queries, the Committee was advised that:-

- The use of Key Performance Indicators was based on advice from Central Government and could be used to require improvements to contracts when necessary.
- The Contracts Standing Order would reinforce current policy on the use of purchasing cards and prevent inadvertent misuse.
- The use of a single title had been considered but it had been discounted as it would cause confusion. If necessary, the term “Chief Finance Officer” could be used as that was the recognised function.
- The issue referred to in paragraph 16.2 was that of the payment of income tax when the Council entered into a contract for professional services, consultants or intermediary appointments. If the third party was regarded as within IR35, the Council must deduct tax at source. It was stressed that it was very important to be entirely transparent that such contracts would be subject to the HMRC test on intermediary working.

Members also had questions about the effect of Brexit on both documents and were advised that the latest guidance was that current EU thresholds would remain at the same amount post Brexit but that there would no longer be a requirement to advertise in the European Journal. It was noted that the UK had been a major contributor to the original EU directives so significant change was not to be expected. The Monitoring Officer would be able to make amendments to the Constitution to reflect any changes to legislation. If exchange rates were to change, the effect on the values reflected in the Constitution was not yet known.

#### **Resolved-**

**That the proposed changes to Contracts Standing Orders and Financial Regulations (detailed in Document “AO”) be accepted and recommended to Council for approval to support improvements in the organisation’s financial and procurement processes and procedures.**

***ACTION: Strategic Director Corporate Resources***

#### **65. REVIEW OF THE CONSTITUTION**

The City Solicitor submitted **Document “AP”** which provided Members with details of proposed amendments to the Constitution for recommendation to Council. The amendments were to deal with issues such as changes to legislation, changes arising from GDPR and changes to the pay policy.

Members were also advised that, at the meeting of the Regulatory and Appeals Committee held on 11 April 2019, the proposal to replace two member led appeals panels with an officer based appeals process had been rejected and that the Committee had asked that an amalgamated member body be investigated

instead.

A Member queried the moving of reference to the Food Act to sit with the Strategic Director, Place and was informed that changes to the management structure meant that this was now necessary.

Questions were also asked about the changes proposed to the Access to Information Procedure Rules, which seemed to remove the requirement for information to be provided in an intelligible form. They were reassured that the removal of this requirement was simply as a result of the same requirement being contained in the legislation, therefore its repetition was not necessary.

The Interim Director of Finance was in attendance at the meeting and recommended that the table in appendix 1 be amended to state Section 114 of the Local Government Act where it referred to his role.

#### **Resolved-**

- (1) That, subject to the correction to the table set out in appendix 1 proposed by the Interim Director of Finance (section 1, Director of Finance – section 114 for section 115), the proposed amendments to the Constitution set out in Appendices 1-3 of Document “AP” be recommended to Council for adoption and implementation.**
- (2) That the recommendations of the Regulatory and Appeals Committee meeting on 11 April 2019, regarding the Housing and Non Domestic Rates Appeal Panel and Education Appeals Panel be noted.**
- (3) That the City Solicitor be granted delegated authority to make consequential amendments to the Constitution as a result of any recommendations approved by full Council.**
- (4) That the City Solicitor ensures that any agreed amendments are implemented.**

#### ***ACTION: City Solicitor***

#### **66. INTERNAL AUDIT PLAN 2019/20**

The Strategic Director, Corporate Resources submitted **Document “AQ”** which reported on the Internal Audit Plan for the financial year 2019/20, 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 2019/20.

The Committee was advised that the plan would be subject to change as new risks occurred but that it was flexible enough to deal with that. Four new senior

auditors had begun work with the Council which had significantly strengthened the Council's capacity to deal with risk. Monitoring half yearly and yearly reports would be presented to the Committee at the appropriate times and Internal Audit would be working collaboratively with Salford City Council to obtain a robust Computer Audit needs assessment of Bradford's ICT functionality. It was also noted that work for the West Yorkshire Pension Fund had increased in line with their increased responsibilities and that the Quality Assurance Improvement Plan was now largely in action and would be reported on in full in July 2019.

Members noted that there had been a sharp rise in non-audit functions and were advised that these included work on information governance, risk management and insurance as well as the fact that a senior auditor was currently supporting the accountancy section which was under pressure.

Members expressed some unease that this did not support the findings of the recent review and considered that previous concerns about resourcing were not being fully addressed under the current arrangements. They expected this to be resolved by the time the first monitoring report was presented to them.

**Resolved-**

**(1) That the Internal Audit Plan for 2019/20 be approved.**

**(2) That the comments made by this Committee on the allocation of resources to non-audit functions be addressed.**

***ACTION: Strategic Director Corporate Resources***

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