

CORPORATE AFFAIRS AND AUDIT COMMITTEE

A meeting of the Corporate Affairs and Audit Committee was held on 9 February 2017.

PRESENT: Councillors P Purvis, (Chair), Blyth, C Hobson, D Rooney, Storey and Taylor

ALSO IN ATTENDANCE: H Fowler, Tees Valley Audit and Assurance Services (TVAAS)
N Wright, EY

OFFICERS: J Bromiley, L Henman, A Hoy, S Lightwing, A Pain, R Painter, J Shiel

APOLOGIES FOR ABSENCE were submitted on behalf of Councillor Hubbard.

DECLARATIONS OF INTERESTS

There were no Declarations of Interest at this point in the meeting.

16/34 MINUTES - CORPORATE AFFAIRS AND AUDIT COMMITTEE - 8 DECEMBER 2016

The minutes of the meeting of the Corporate Affairs and Audit Committee held on 8 December 2016 were taken as read and approved as a correct record.

16/35 COUNCIL IMPROVEMENT PLAN - UPDATE

A report of the Strategic Director of Finance, Governance and Support was presented to provide an update on delivery of the Council's Improvement Plan (CIP) since progress was last reported to Executive in December 2016.

As previously reported to the Committee, the CIP contained actions split across several themes including: financial performance reporting, financial planning, performance management, risk management, decision making, asset management, Change Programme, Programme and Project Management, Capital Programme monitoring and embedding business change.

To ensure effective oversight of improvement actions, detailed delivery plans had been developed for each theme within the updated CIP. The submitted report provided progress reports by exception and the status of each section was reflected in the updated CIP which was attached to the submitted report at Appendix 1.

The Corporate Affairs and Audit Committee had received regular reports on delivery of the CIP and following completion of a year-end report to Executive on progress, future progress would be reported in the Annual Governance Statement. Stand-alone reports might be brought forward by exception if there were concerns about delivery of the small number of remaining actions.

The Council was in the process of agreeing dates for a follow up visit from the Local Government Association team that undertook the peer review of the Council's governance processes twelve months ago. The purpose of the follow up visit was to provide independent peer reviews on progress that had been made to improve governance since the first review. This visit was likely to take place in April 2017.

Internal Audit had been involved in the CIP process to ensure they were able to sign off actions as complete where they originated from an internal audit report. The Internal Audit Work Programme for 2016/2017 included audit support to provide assurance that the actions within the CIP were being implemented successfully.

In order to effectively influence the delivery of the actions, Internal Audit had conducted regular reviews on the status of the CIP in liaison with Deloitte and council staff and had contributed to each quarterly report produced on the CIP setting out its views on delivery to date. In addition, Internal Audit had produced a series of audits based upon some key CIP themes and strong assurance had been provided on each occasion, further demonstrating the

level of progress made by the Council in these related areas. The assurance given by the internal auditors to date reflected the progress made by the Council to develop its governance framework. At this stage, it did not make an assessment as to the level of actual compliance with that framework by officers and Members across the organisation.

Internal Audit concurred with Deloitte's judgements and was satisfied with both the Council's commitment to the CIP and of processes developed for setting and monitoring its content, and with reporting arrangements. Satisfactory evidence had been provided in relation to each of the completed areas to support the progress made to date, and whilst there were a few areas still to be fully completed, these would be the subject of further examination in due course. The next stage would be for further internal audit testing to be undertaken as part of the 2017/2018 Audit Plan programme which would confirm the success of the frameworks and evaluate whether actions had become fully embedded and that outcomes achieved the associated purpose.

Members acknowledged the actions that had been taken by Officers and the progress made with CIP and highlighted in particular the review of the Council's asset disposal process. It was suggested that it would be useful for the Committee to receive a regular update on any asset sales that were made based on social value rather than the highest price.

It was also noted that the Scorecard for quarter 2 2016/2017 showed a capital underspend position of £14.3m (29.4%). However, it was clarified that more recent draft figures suggested that the underspend would ultimately be in the region of 5% and this position would be confirmed by Executive on 21 February 2017. Whilst there had been some slippage with projects early in the year, they had now been brought back on track.

In response to a query in relation to embedding arrangements for the ongoing monitoring of compliance with the Council's new Risk Management Framework, it was confirmed that there had been two training sessions for Elected Members and training had also been provided for Project Managers.

AGREED as follows that the following actions were noted:

1. Progress against the CIP to date.
2. Findings from Deloitte's Reviews.
3. The updated Council Improvement Plan.
4. The planned follow up visit by the Local Government Association Peer Review Team.
5. The information provided.
6. The Corporate Affairs and Audit Committee would receive a regular update on any asset sales that were made based on social value.

16/36

CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015/16 - EXTERNAL AUDITOR

A report was presented which summarised the External Auditor's work on Middlesbrough Council's 2015/2016 claims and returns.

The Auditor had checked and certified the Housing Benefits subsidy claims which had a total value of £80,412,902 and the submission deadline of 30 November 2016 was met. The External Auditor highlighted that unlike with the financial statements, any error in the Housing Benefits claim was reported. A qualification letter was issued and details of the qualification matters were included in Section 1. No amendments had been made to the claim relating to the matters in the qualification letter.

A separate report was provided in relation to the Teacher's Pensions return as set out in Section 2 of the submitted report. No issues were identified during the certification of this claim.

Fees for certification and other returns work were summarised in Section 3 of the submitted report. The housing benefits subsidy claim fees for 2015/2016 were published by PSAA in March 2015 and were available on the PSAA's website.

The External Auditor highlighted that from 2018/2019 the Council would be responsible for appointing its own External Auditor and this was likely to include making its own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that would be established by the Department For Work and Pensions (DWP). In response to a query it was confirmed that the Council had approved the Committee's recommendation to opt in to the national procurement scheme for appointment of auditors led by the Public Sector Audit Appointments (PSAA).

AGREED that the report was received and noted.

16/37

INTERNAL AUDIT – AUDIT PLAN 2017/18 CONSULTATION

The Audit and Assurance Manager presented a report which represented the first consultation with Members of the Corporate Affairs and Audit Committee on the content of 2017/2018 Audit Plan for Middlesbrough Council. The purpose of the report was to seek Members' views on the priorities for the Audit and Assurance Team for the 2017/2018 programme of work.

Appendix 1 to the submitted report provided a summary of the key ways in which the Plan aimed to provide assurance and some possible audit assignments that had been identified based on consultation to date. It was emphasised that consultation was ongoing and that all assignments included in Appendix 1 were likely to change once Departmental Management Teams, External Audit and the Chief Executive had been consulted and all comments collated and considered.

A revised draft of the Plan would be agreed with the Strategic Director of Finance, Governance and Support, LMT and the Corporate Affairs and Audit Committee in June 2017. The detailed Plan would include the exact number of planned audit days in total for the year and per assignment. Progress against the Plan would be regularly reported to the Corporate Affairs and Audit Committee throughout the financial year.

It was anticipated that each assignment would be included on the Plan for one or more of the following reasons:

- It related to key actions on the Council's Improvement Plan (CIP).
- It was included in the Corporate or Directorate Risk Registers or related to a key priority in the Council's Plan.
- It was a national risk or issue or there had been a major change in legislation.
- The area had been subject to considerable change or restructure.
- It had been specifically requested by a Member, Director or Head of Service.
- Previous audit work had identified a known concern requiring further review.
- It was a material financial system.
- It was an internal audit role or task required for compliance with Public Sector Internal Auditing Standards.

It was highlighted that Contract Management was a proposed assignment and the Audit and Assurance Manager was asked whether this audit would include Procurement. The Audit and Assurance Manager clarified that the Contract Management audit concentrated on how effectively contracts were managed after they had been set up. Procurement was usually audited separately.

A Member asked whether all the final audit reports were brought back to the Committee for information and the Audit and Assurance Manager explained that the results of the audits were reported to the Committee on a regular basis with any Priority 1 actions being reported in detail.

AGREED that the information provided was received and noted.

16/38

APPOINTMENT OF THE RETURNING OFFICER FOR COMBINED AUTHORITY MAYORAL ELECTIONS FOR THE COUNCIL

A report of the Strategic Director, Finance, Governance and Support was presented to seek approval for the appointment of Bryn Roberts, Monitoring Officer, as the Returning Officer for the purposes of the Tees Valley Combined Authority Mayoral Elections in accordance with the Representation of the People Act 1983 ("the Act") and The Local Authorities (Conduct of Referendums) (England) Regulations 2012 ("the Regulations").

The Council had recently been informed that, for the purposes of the Combined Authority Mayoral Election, a specific appointment to the role of Returning Officer was required; the Council could not rely on previous appointments to the role of Returning Officer.

As a consequence, the Committee was asked to confirm the appointment of Bryn Roberts as Returning Officer or Counting Officer for the purpose of the Tees Valley Combined Authority Mayoral Election, in accordance with the Act and Regulation 9 if the Regulations.

ORDERED as follows that, with immediate effect, Bryn Roberts, Monitoring Officer, was appointed as the Council's Returning Officer for the purposes of the Tees Valley Combined Authority Mayoral Election.

16/39 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

16/40 **SCHOOL GOVERNING BOARDS - APPOINTMENT OF LA SCHOOL GOVERNORS**

A report of the Executive Director of Children's Services was presented regarding vacancies for Local Authority appointed School Governors that had arisen as a result of resignations, the expiry of terms of office or the removal of Governors due to non-attendance and any vacancies deferred from previous meetings of the Corporate Affairs and Audit Committee. The nominations received for the vacancies were outlined in the submitted report.

It was noted that there were currently 7 vacancies out of a total of 45 Governorships for Local Authority representatives.

ORDERED as follows:

1. That the following appointments be recommended for a four year term of office, subject to ratification by the full Governing Body of each school concerned:

St Pius X RC Primary School - Councillor Thompson
Horizons Specialist Academy Trust (Board of Directors (Trustees)) - Mr J Bromiley