

# Minutes

## *REGULATORY AND AUDIT COMMITTEE*

**MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON WEDNESDAY 8 FEBRUARY 2017 IN LARGE DINING ROOM, JUDGES LODGINGS, AYLESBURY, COMMENCING AT 9.00 AM AND CONCLUDING AT 11.10 AM.**

### **MEMBERS PRESENT**

Mr T Butcher (Vice-Chairman)  
Mr W Chapple OBE  
Mrs A Davies  
Mr T Egleton  
Mr D Martin (Chairman)  
Mr R Scott  
Mr A Stevens

### **OTHERS IN ATTENDANCE**

Mr M Averill, Head Of Highways (client)  
Ms J Edwards, Pensions and Investments Manager  
Mr T Fish, SRM Lead, Buckinghamshire County Council  
Ms L Forsythe, Group Solicitor and Deputy Head of Legal Services  
Ms M Gibb, Head of Business Assurance  
Mr N Gibson, TEE Managing Director  
Ms E O'Neill, Projects and Financial Accountancy Lead  
Dr J Sage, Head Of Insight And Business Improvement  
Mr R Schmidt, Head of Strategic Finance  
Mr T Slaughter, Executive, Grant Thornton Auditors  
Mr M Strevens, Corporate Finance Business Partner, HQ  
Mr K Wright, Committee and Governance Adviser

### **1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP**

There were no apologies received.

### **2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3 MINUTES**

The minutes of the last meeting held on 3<sup>rd</sup> January 2017 were agreed as a correct record and signed by the Chairman.

#### 4 EFFECTIVENESS OF THE DEBT MANAGEMENT STRATEGY

The Chairman welcomed Mr Matt Strevens, Corporate Finance Business Partner to the meeting.

Mr Strevens highlighted the following points from the report:

- For the period from April to December 2016, the overall level of debt had fallen, however the level of high risk debt had increased.
- The majority of unsecured debt was from before 2015.
- The Task and Finish Group had asked Business Units to get a better understanding of their level of debt and as this work progressed it was expected that there would be proposals put forward to write off some significant amounts.
- The Task and Finish Group was aiming for each Business Unit to have a reasonable target set for outstanding levels of debt.
- The new way of reporting debt was being embedded and discussed at Business Unit Board Meetings.
- It was thought that the current level of overall debt was being overestimated perhaps by around £250k due to payments not being matched to debts.
- The Task and Finish Group was looking at how the Council structured its debt recovery processes to make sure it operated in the most effective way.
- There was a focus on increasing the use of direct debits for social care clients and the ability to make payments by telephone to help improve debt recovery.
- There was training being planned for March for budget holders on raising debt and understanding their responsibilities, this would be reviewed in May.

The following points were made during the discussion with Committee Members:

- There was still poor data quality which was making it difficult to analyse the current stage of the recovery process for some debts.
- There were debt recovery processes in place but these still needed to be improved.
- An amount of approximately £1m was set aside for bad debt provision.
- The Task and Finish Group was hoping to complete its work by May 2017.
- There had been a significant cultural change within the Council in respect of debt recovery with Managing Directors and One Council Board focussing much more on the issue.
- Finance Directors from the Children's Social Care & Learning and Communities, Health and Adult Social Care Business Units would be asked to discuss their debt management performance with the Committee at the 26<sup>th</sup> July meeting.

**ACTION: Committee and Governance Advisor**

Mr Tom Slaughter, External Auditor explained that auditors would expect provision for older debt to be accounted for in full but there was some flexibility. Auditors would expect to see a clear policy and methodology.

The Chairman asked Mr Strevens to provide an update to the 26<sup>th</sup> July meeting and that his report should include information to show whether the Business Units new debt was being recovered in a timely manner and separately the progress in reducing historic debt.

**ACTION: Committee and Governance Advisor**

## RESOLVED

### The Committee:

- **NOTED** the report,
- **AGREED** to invite **Business Units** to discuss their specific debt management arrangements and performance,
- **AGREED** to receive an update report following completion of the **Task and Finish Group**.

## 5 TREASURY MANAGEMENT ANNUAL STRATEGY

The Chairman welcomed

- Mr John Chilver, Cabinet Member for Resources,
- Ms Julie Edwards, Pensions and Investments Manager and
- Ms Elspeth O'Neill, Projects and Financial Accountancy Lead.

Mr Chilver explained that:

- There were no changes to last year's Policy Statement. Changes to the Strategy Statement were mainly related to a significant change in the Council's overall treasury portfolio position due to an increase in borrowing for the Energy From Waste Plant.
- There was a proposal to increase the Council's overall limit for external borrowing from £275m to £350m to provide further opportunity to invest in commercial property.

In response to a question around the increased borrowing limit being raised again so soon after it was previously increased, Mr Chilver explained that an incremental increase was useful in ensuring that there was political agreement for any increase.

Mr R Schmidt, Head of Strategic Finance explained that the limit provided some flexibility in making investment decisions. A decision would have to be made by full Council to increase the authorised limit for total external debt from £359m.

Ms. Julie Edwards confirmed that an "Introduction to Treasury Management" training course would be given to new Members of the Regulatory and Audit Committee after the elections on 4<sup>th</sup> May 2017.

## RESOLVED

**The Committee RECOMMENDED to Council the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Annual investment Strategy and the Minimum Revenue Provision Policy Statement for 2017/18, together with the Prudential Indicators for the next four years.**

## 6 QUALITY ASSURANCE FRAMEWORK

The Chairman welcomed Dr Joanna Sage to present the report.

Dr Sage explained that:

- The Quality Assurance Framework set out the main processes and mechanisms to ensure the Council delivered its key priorities.
- It had been developed at an overarching organisational level with clear links to other frameworks within Business Units sitting underneath, for example to the Children's Social Care and Learning framework and improvement plan.

- The Framework had been produced working collaboratively with Business Units and One Council Board. It would be One Council Board's responsibility for ensuring that the Framework was being delivered across the Council.

The Chairman asked that an update be brought to the Committee in 12 months.

**ACTION: Committee and Governance Advisor.**

## **RESOLVED**

**The Committee AGREED the Quality Assurance Framework as a Council Policy.**

## **7 BUSINESS ASSURANCE UPDATE AND AUDIT ACTION TRACKER**

The Chairman welcomed Ms Maggie Gibb, Chief Internal Auditor to present the update.

Ms Gibb updated the Committee on the progress of delivering the Business Assurance Strategy as follows:

- One of the key activities during quarter 4 had been to manage the process for drafting the Annual Governance Statement which would be coming to the Committee in May.
- The Business Assurance Framework was part of the new Quality Assurance Framework discussed earlier in the meeting.
- As part of the counter fraud work, data matches had just been received back from the National Fraud Initiative and work was being undertaken to review and follow these up as appropriate.
- The new risk management system was now in place and being rolled out across the Business Units. The first reports from the new system would be presented to One Council Board in March and then to the Risk Management Group.
- There had been 5 internal audits finalised, all showed a reasonable level of assurance.

In response to a question about delayed audits, particularly the work to check on whether the Income Generation Strategy was being embedded, Ms Gibb explained that resources had been re-allocated to some un-planned priority work. The Audit Board had discussed and agreed which audits could be delayed.

Ms Gibb explained that there had been a Select Committee Inquiry into Income Generation and some assurance work could be done before quarter 2 on checking how the recommendations were being implemented.

Members asked for a short update report on Income Generation Assurance for the July meeting.

**ACTION: Ms M Gibb, Chief Internal Auditor.**

There was a discussion about training for Cabinet and Committee Members after the election in May and whether this needed to be more than just briefings or overviews. Ms Linda Forsythe, Deputy Monitoring Officer agreed to look further at the induction training being planned to make sure it would meet Members' needs.

**ACTION: Ms L Forsythe, Deputy Monitoring Officer.**

## **RESOLVED**

**The Committee NOTED the report.**

## **8 FORWARD PLAN**

The Committee considered the work in the forward plan and felt that it would be necessary to have Regulatory and Audit Committee and Risk Management Group meetings every other month.

**ACTION: Committee and Governance Advisor**

### **RESOLVED**

The Committee **NOTED** the forward plan.

## **9 DATE AND TIME OF NEXT MEETING**

The next meeting to be held on 26<sup>th</sup> April 2017, Mezzanine Room 1, New County Offices, Aylesbury.

***Post meeting note:** The meeting of 26<sup>th</sup> April 2017 will not now take place. Agenda items for this meeting will be split between the meeting scheduled for 24<sup>th</sup> May and an additional meeting on 15<sup>th</sup> June 2017.*

## **10 EXCLUSION OF THE PRESS AND PUBLIC**

### **RESOLVED**

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

## **11 CONTRACT MANAGEMENT APPLICATION UPDATE**

There was a discussion about the Contract Management Application (CMA).

## **12 TRANSPORT FOR BUCKS STREET LANTERN REPLACEMENT AUDIT - UPDATE REPORT**

There was a discussion about the update report on the Transport for Buckinghamshire Street Lantern Replacement Audit.

## **13 CONFIDENTIAL MINUTES**

The confidential minutes of the meeting held on 3<sup>rd</sup> January 2017 were confirmed as a correct record and signed by the Chairman.

**CHAIRMAN**