

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 25 April 2018 commencing at 1.30 pm and finishing at 4.45 pm

Present:

Voting Members: Councillor Nick Carter – in the Chair

Councillor Tony Ilott (Deputy Chairman)

Councillor Paul Buckley

Councillor Ian Corkin

Councillor Helen Evans

Councillor Charles Mathew

Councillor D. McIlveen

Dr Geoff Jones

Councillor Mrs Judith Heathcoat (In place of Councillor Les Sibley)

Councillor Judy Roberts (In place of Councillor Roz Smith)

Non-voting Members: Dr Geoff Jones

By Invitation: Paul King and David Guest, Ernst & Young

Officers:

Whole of meeting Sarah Cox, Chief Internal Auditor; Ian Dyson, Assistant Chief Finance Officer (Assurance); Colm Ó Caomhánaigh, Committee Secretary.

Part of meeting

Agenda Item

	Officer Attending
5	Steve Munn, Director of Human Resources; Sarah Currell, HR Manager – Business Systems
6	Hannah Doney, Strategic Finance Manager (Accounting and Reporting)
8	Ben Threadgold, Policy and Performance Service Manager
12	Paul Bremble, Strategic Risk and Assurance Manager
13	Nick Graham, Director of Law and Governance; Glenn Watson, Principal Governance Officer

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

21/18 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were submitted by Councillor Roz Smith (Councillor Judy Roberts substituting) and Councillor Les Sibley (Councillor Judith Heathcoat substituting).

22/18 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

23/18 MINUTES

(Agenda No. 3)

The minutes for the meeting of 7 March 2018 were agreed and signed.

Regarding item 16/18, members of the working group reported that the group had one meeting and is currently drafting a submission for the government consultation. They had also identified a number of issues that the Council can tackle itself without waiting for national legislation.

24/18 SAFER RECRUITMENT INTERNAL AUDIT 2017/2018

(Agenda No. 5)

Mr Munn summarised the report which had been requested by the Audit Working Group. The Audit had confirmed that all new recruits within the sample checked had been DBS (Disclosure and Barring Service) checked but inaccuracies had been detected in the system with some 3-yearly rechecks. The fault had been fixed and staff are currently checking the records of every employee. These checks will be completed by the end of April.

Officers responded to Members' questions as follows:

- When service areas were restructured in SAP not all posts had the DBS flag recorded correctly. Managers would know which posts needed DBS checks anyway and any gaps would be picked up at recruitment. A member of the HR team now has direct access to the SAP records and we manage restructures in SAP in-house.
- Officers are as confident as they can be that the problem will be resolved. There is always a risk when transferring to new technology.
- With regard to checking employee references, the general practice is to check only the two most recent employers unless any problem is detected with those. Checks in children's services are specifically thorough.
- Managers working in social care are fully aware of the DBS requirements for their posts, discrepancies do exist in the other areas where the level of check required is not so obvious and we are working through these as part of the checks
- Although staff resources have been taken up dealing with this problem, the cost would be small in the overall context of IBC.

- Staff are required to notify the Council of any convictions and failure to do so is a ground for dismissal. The HR section will review if three-years is still an appropriate period for rechecking.

It was agreed to receive another update at the July meeting and to ask Hampshire County Council, who run the IBC system, to attend.

RESOLVED: to support the actions being taken to resolve the discrepancies in our recording system and the actions being taken to ensure rechecks are consistently carried out every three years.

25/18 STATEMENT OF ACCOUNTS 2017/18 - ACCOUNTING POLICIES BRIEFING NOTE

(Agenda No. 6)

Ms Doney introduced the report which gives the Committee an opportunity to comment on the Accounting Policy which will be included in the Statement of Accounts for 2017/18. The policy has been approved by the Chief Finance Officer. CIPFA issues a new code each year but there are no material changes for 2017/18.

Members asked for details of the limits on the Council's self-insurance. Mr Dyson stated that the figures for Casualty are around £313,000 individual claim excess and £2m annual stoploss. These are expected to be renegotiated with the insurers alongside a review of the premium

The figures for property fire are £1m for an individual claim and £4m for the year. Most claims used to relate to schools but the Council now has responsibility for fewer schools.

RESOLVED: to

- a) **note the report; and**
- b) **ratify the accounting policies as approved by the Chief Finance Officer and included as an appendix.**

26/18 INTERNAL AUDIT STRATEGY & ANNUAL PLAN 2018/19

(Agenda No. 7)

Ms Cox summarised the report which sets out the methodology for internal audits for 2018/19. A separate plan for Counter Fraud will be placed before the Committee in July as the Council is still in discussion with Oxford City Council on resources.

Members raised issues on the report to which officers responded as follows:

- Partnerships would be dealt with under contract audits. Regarding co-production, they will look at social services' systems with users.
- The quality of data is covered by a workstream in the Fit for the Future (FFF) programme. The main problems are with repeat input of data and delays in updating data. There will be an implementation plan by the end of July.

- Certain audits were cancelled because fundamental reviews were in progress or because information was picked up by other means such as FFF.
- The capital programme audit will include the Housing and Growth Deal. The Audit Working Group will discuss how the Council can give assurance as the accountable body.

Mr Dyson undertook to get an update on the delay in providing a centre for placements of Looked After Children.

RESOLVED: to comment and note the Internal Audit Strategy for 2018/19 and 2018/19 Internal Audit Plan.

27/18 ANNUAL SCRUTINY REPORT

(Agenda No. 8)

Mr Threadgold introduced the annual report and highlighted a number of working groups and “deep dives” set up by each scrutiny committee to examine issues in their areas. He stated that there was now a more robust process to identify issues and the feedback from the Committee Chairs was positive.

Members asked a number of questions and Mr Threadgold responded as follows:

- There were no call-ins in the period of the report. There was more early discussion of issues.
- Engagement with HOSC has been good and the relationship with the CCG has been less confrontational. There is now more collaboration with neighbouring authorities many of whose residents use health facilities in this county.
- NHS transformation plans are likely to come back in a different form following consultation.
- It is unlikely that Government will accept the recommendations of the Communities and Local Government Select Committee to make it obligatory for external providers to attend scrutiny when requested. At the moment they are scrutinised through Council officers, and can be invited to attend scrutiny as appropriate.

Mr Threadgold undertook to check the forward plan in regard to how the Housing and Growth Deal will be scrutinised.

RESOLVED: to comment on the report prior to its submission to the Performance Scrutiny Committee for review and to Council for approval.

28/18 EXTERNAL AUDITORS

(Agenda No. 9)

The report was introduced by Mr Guest. He stated that early substantive testing was taking place and there were no issues at this stage.

Mr King reported that some processes are taking a little longer with the Pension Fund audit. They are ahead of last year’s work but with the earlier deadline there is no contingency time this year.

It was noted that in Appendix A the references to “September” should be “July”.

Asked if the auditors can issue an interim opinion pending outstanding issues, Mr King replied that they never do that. They can issue an opinion but withhold certification until everything is completed.

Mr King stated that the auditors do not have any other local authority who were with Carillion but others must have an equivalent risk from out-sourcing. The auditors will look carefully at any continuing liability from the collapse of Carillion.

RESOLVED: to note the report.

29/18 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2017/18

(Agenda No. 10)

Ms Cox introduced the annual report. The overall opinion, stated on page 95 is “satisfactory”. Appendix 2 contains a summary of the completed audits. There were three red reports. The Audit Working Group (AWG) will look at the Mental Health Follow Up issues at its June meeting.

Officers responded to issues that Members raised as follows:

- “Satisfactory” is the highest rating that can be given in the opinion.
- With regard to security bonds, the aim is to make sure that officers do the necessary checking which will protect themselves against accusations of fraud.
- The problems with client charging are being examined as part of the Fit for the Future transformation programme.
- Delays in processing leavers are usually due to their managers not being prompt enough. Overpayments are generally recovered over 12 months.
- There will be updates on all red flag reports at the AWG meeting in June.
- OCC is reliant on the Hampshire County Council auditors for auditing IBC but they operate to the same principles as OCC. The Director of Finance and Chief Internal Auditor receive those audit reports.
- The problem with inadequate LAS records is the need for dual recording. The working relationship has improved but information not captured on LAS is not visible to OCC.
- Bringing issues to the AWG helps to give the Chief Internal Auditor “clout” in bringing about improvements.
- Officers will check if there is an issue with leavers still on the IT system in light of the new GDPR coming into effect in May 2018.

RESOLVED: to consider and endorse this annual report.

30/18 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL 2017

(Agenda No. 11)

It was agreed to add some key achievements in the text of the annual report in order to give examples of positive outcomes. Councillor Mathew disagreed and stated that

the Committee should think carefully before praising itself. Ms Cox undertook to circulate suggested amendments to Members within a few days.

RESOLVED: to add some key achievements in the text of the annual report and then forward to Council for its consideration.

31/18 OFRS STATEMENT OF ASSURANCE 2017-18

(Agenda No. 12)

Mr Bremble summarised the report which is required under the National Framework. He responded to Members' questions as follows:

- It would be possible to illustrate the connections to the National Framework throughout the document.
- About 6 per cent of staff are female which is above the national average for fire services which currently is 5 per cent. In the latest round of applications about 100 out of 900 applications were from females. Of the 14 recruits, 2 were female.
- OFRS will be reviewing the report on the Manchester Arena bombing with a view to learning the lessons from it. OFRS have already carried out work in this area with Managers and Thames Valley Police to ensure a consistent approach.

The Chairman drew attention to Page 173 which listed the service's links with OCC and expressed a hope that the proposal for the Police and Crime Commissioner to take over responsibility for the fire service has gone away.

RESOLVED: to approve the report.

32/18 ANNUAL GOVERNANCE STATEMENT

(Agenda No. 13)

Mr Graham introduced the report. He assured Members that any actions not completed will continue to be reported. He invited comments to include in the report. Asked if there was enough in the report about continuous learning, he responded that the whole exercise is a learning one.

Mr Watson referred to the suggestion from the AWG to include defined outcomes for the actions (Page 211) and confirmed this would be implemented for the next Annual Governance Statement.

RESOLVED: to approve the Annual Governance Statement 2017/18, subject to the Chief Legal Officer making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, Chief Executive and Section 151 officer.

33/18 AUDIT WORKING GROUP REPORT

(Agenda No. 14)

Ms Cox introduced the report. Many of the items had already been covered elsewhere on the Agenda. The issue regarding Exemptions to Contract Procedure

Rules, raised by Councillor John Sanders at the March meeting of the Committee, was discussed and a satisfactory way forward was agreed. Mr Jones reminded Members that any Member can request the full report on an exemption proposal.

The Group was briefed on the Northamptonshire report by the Director of Finance. It was agreed that the full report should be circulated to Members of the Committee.

Various views were expressed on whether AWG meetings should be longer or more frequent. It was agreed that the Chairman of the AWG will make any decisions to extend the times of individual meetings on a case-by-case basis.

RESOLVED: to note the report.

34/18 WORK PROGRAMME

(Agenda No. 15)

The Committee agreed the following additions:

- 25 July 2018
- Safer Recruitment Audit Update
- Governance of the Housing and Growth Deal

It was also agreed to start the meeting on 25 July 2018 at 1.30pm due to the lengthy agenda.

..... in the Chair

Date of signing