

## AUDIT AND PERFORMANCE REVIEW PANEL

TUESDAY, 28 JUNE 2016

PRESENT: Councillors Paul Brimacombe (Chairman), Dr Lilly Evans, Lynne Jones, John Story, John Collins and Edward Wilson

Officers: David Scott, Russell O'Keefe, Paul Ohsan Ellis, Catherine Hickman, and David Cook.

### APOLOGIES

Apologies for absence were received by Councillors Saunders, Carroll and Rankin. Councillors Story and Collins attended as substitutes.

### DECLARATIONS OF INTEREST

Councillor Story declared a personal interest in discussion on the transformation programme as his wife worked for the authority as this was not a Disclosable Pecuniary Interest he stayed and considered the item.

### MINUTES

The Part I minutes of the meeting held on 11<sup>th</sup> May 2016 were approved as a true and correct record subject to on page 10 'ready' should be 'read'..

### PLANNING ENFORCEMENT - ITEM WITHDRAWN

The agenda item was withdrawn.

### 2015/16 SHARED AUDIT AND INVESTIGATION SERVICE ANNUAL REPORT AND SELF-ASSESSMENT OF COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Panel considered the report that summarised the Shared Audit and Investigation Service (SAIS) activity and outlined the progress in achieving the 2015/16 Audit and Counter Fraud Plans. It also provided a summary of the outcome of a self-assessment of the Internal Audit Service against the CIPFA/IIA Public Sector Internal Audit Standards (PSIAS).

It was reported that over 92% of the audit plan had been achieved with work not being undertaken being offset by additional work being added to the plan. The income target had been over-achieved and thus funds had been returned to both local authorities.

(Cllr Dr Evans joined the meeting)

There had been three audit reviews receiving the third category of audit opinion (Range of Risk Mitigation Controls is incomplete and risks are not effectively mitigated) and Management Action Plans had been agreed for each review. The three areas were debtors, health and safety and commissioning; follow-up audit reviews would be undertaken.

In response to questions the Panel was informed that the number of audits / results undertaken each year varied therefore it was difficult to benchmark against other councils.

The audit process had been changed and an initial report was provided to Managers who were then given an additional month to take corrective actions before the final audit opinion was given. The Chairman recommended that there should be a KPI of the number of managers that challenged a grading that was less than 1. Cllr E Wilson mentioned that when setting any targets they should be able to reassure the public that appropriate processes are being followed.

Cllr Jones commented that given the nature of the areas being audited it was important to make sure we did not have audit opinions of 3 /4 rather than being overly concerned about getting opinions of 1.

Concern was raised that there were outstanding actions and it was agreed that the appropriate corporate directors would investigate why action plans had not been signed off by managers. Cllr Wilson requested that a report be sent to the Panel once they were approved.

Cllr Dr Evans asked if as well as looking at risks did we also look at lessons learnt and was informed that both risks and lessons learnt were part of the process and that training was given but there was no depository of lessons learnt. The Panel was informed that all audits went through the relevant line management, strategic directors and statutory officers and thus as directorates they would look at lessons learnt.

Cllr Smith mentioned that the key progress of the Shared Audit and Investigation Service during 2015/16 bullet points on page 18 required more detail and that the potential financial savings identified in paragraph 22 could do with more context being added.

Cllr Dr Evans asked if the report / audit findings went to O&S Panels and was informed that they did not as it was the role of this Panel; however they would be added to business plans that did go to O&S Panels.

**Resolved unanimously: that the Panel note the Shared Audit and Investigation Service activity for the financial year ended 31 March 2016, progress in achieving the 2015/16 Internal Audit Plan and note the outcome of the self-assessment of the Shared Internal Audit Service against the PSIAS.**

## ANTI FRAUD AND ANTI CORRUPTION POLICES

The Panel was informed that it had previously considered the policies and requested amendments which had been incorporated. The agenda contained the final version of the policies and Panel Members had been emailed copies containing tracked changes. Cllr Smith had emailed additional comments that had been incorporated into the reports.

In response to questions the Panel was informed that the policies were reviewed annually and brought to this Panel, that officers had 28 days to declare any gifts and these were monitored by David Scott who was the current monitoring officer. David Scott confirmed that he was content with the policies and that the challenge was to ensure officers were aware of them and that compliancy was met.

The Panel was also informed that the policies related to anyone in the organisation, so both officers and Members. The disciplinary section of the report only mentioned officers as Members were covered by the code of conduct; it was agreed that this would be made clear in the policies.

With regards to corporate prosecutions Cllr E Wilson raised concern about a garage owner and if action should have been taken. This issue would be taken up by appropriate officers outside the meeting.

**Resolved unanimously: that the Audit and Performance Review Panel considered and approved the Corporate Anti-Fraud and Anti-Corruption Policy.**

## 2015-16 ANNUAL GOVERNANCE STATEMENT

The Panel considered the report and was asked to approve the content and recommend the 2015/16 AGS to the Leader and Head of Paid Service for signature and to be presented with the Annual Statement of Accounts.

The Panel was informed that there were a few typing errors, such as the Lead Member's name needing to be changed to Cllr Targowska; the amendments would be made before the statement was signed.

Previously the Council had followed what was the CIPFA/SOLACE Joint Working Group issued 'Delivering Good Governance in Local Government: Framework'. For this version it had been decided to follow the approach adopted by Wokingham Borough Council as this was more streamlined and less bureaucratic.

The Headlines of the draft 2015/16 AGS had been added at paragraph 2.7 of the covering report at the request of Cllr Smith to help ensure the document was more 'Lean'. The Chairman reported that the document he approved the new approach and that the document was to escalate issues up rather than an assurance document.

Cllr Story raised concern that in the action plan there were two issues rolled over from 2014/15. The Panel was informed that progress had been made but not to the extent that they should be reported as completed. The Chairman said it was good to see openness in reporting areas that required improvement.

Cllr E Wilson asked for clarification regarding the whistle blowing policy in the action plan and was informed that this was an area looked at and there was training for senior managers so staff were aware of the policy and how to raise concerns without retribution. In response to further questions the Panel was informed that the number of whistle blowing incidents was low; however there were grievances raised and it helped demonstrate that the staff seemed confident in raising issues.

Cllr E Wilson mentioned that the Fair Funding campaign by residents regarding the allocation of S106 money and the Stafferton Way project had raised governance issues but they were not in the action plan. The Chairman mentioned that with regards to school funding this had gone to full Council and there had been investigations made after complaints were received about councillors, so there had been transparency. If the issues were about the Council not following the correct procedure then they would be in this document but if complaints were about what the administration approved they would not.

Cllr Jones mentioned that the issues regarding Holyport College was a wider issue regarding transparency with the allocation of S106 funding. The Panel was informed that reports regarding the allocation of S106 funding went to cabinet and Council and this issue was not related to governance that was covered by the report.

Cllr E Wilson and Cllr Dr Evans both mentioned that the document was not just assuring ourselves but also residents and as the S106 concern had been made by residents they felt it should be in the action plan and that there should be mention of S106 in the covering report. The Panel was informed that both incidents had been subject to in-depth reviews.

The Panel felt that the issue around the allocation of S106 funding should be added to the covering report but not as an 'issue' but as 'Governance action taken'. Although the Panel approved the amendment the Chairman was not in support but did say that when added reference should be made to the governance action taken.

**Resolved that: The Panel:**

- **Considered the draft 2015/16 AGS and approved amendments to be made to the covering report;**
- **Recommend the 2015/16 AGS to the Leader and Managing Director for signature and publication with the Council's Statement of Accounts;**
- **Note the revisions that have been made to the Council's Annual Governance processes for 2015/16 compared to previous years.**

PERFORMANCE AND TRANSFORMATION STRATEGY UPDATE

The Panel considered the report that provided an overall view of progress being made on the work to strengthen the council's approach to performance management. It set out the work that has been done to review and improve the key performance measures that measures against the Council's priorities. The report also provided an overall update on the council's transformation strategy.

The Panel was informed that a first draft of a new performance framework had been developed which was now directly aligned to the priorities in the Council's Strategic Plan. This was included at Appendix A. This was work in progress and would be subject to further refinement. Officers and Lead Members were looking at reducing the number of performance measures and making them visible throughout the organisation.

The Chairman reported that every key function should have at least three Key Performance Indicators (KPIs) with the IPMR reporting the core set of measures with managers using a dashboard that can be drilled down at different levels reflecting the work at that specific time. It was recommended that further atomisation of reports / data collection be introduced.

Cllr Dr Evans mentioned that when they were looking at KPIs they could not understand how many were being used and thus it had been recommended that a dashboard of a few key indicators should be reported to Cabinet.

Cllr Jones mentioned that she supported the work being undertaken to streamline the reporting mechanism but that it was important that key indicators be reported to the appropriate scrutiny panels. She mentioned that Cabinet reports were going through scrutiny but the KPIs may aid in identifying other areas that required review. The Chairman mentioned that when the reporting mechanism had been set the KPIs could be sent to scrutiny panel chairman to decide what needed to go to Panels.

With regards to the transformation programme the Panel was informed of the fundamental service reviews that had been undertaken and those still to be done. All directorates were also undertaking work to evaluate how if appropriate service delivery could be undertaken differently. Due to the nature of these reviews they would be reported through Cabinet and Scrutiny Panels in Part II.

Cllr Dr Evans mentioned that the "Delivering Things Differently" report had gone to scrutiny panels but it had not been supported by any fundamental service review reports. The Chairman agreed that it would be useful to have extracts from the FSR to support any recommendations being made in Cabinet reports.

The Chairman reported that the transformation process was to look at outcomes and then challenge them, looking back at methods used and assessing if they were still relevant and if they could be done better at a more cost-effective way and out of this should come the recommendations.

Cllr Jones mentioned that the reports should also be clear if the changes were to improve performance or to achieve savings by sacrificing performance to help Scrutiny make informed comments. The chairman said that reports should articulate the vision; for example faster, better, cheaper and then demonstrate to Members how the vision would be achieved.

Cllr E Wilson questioned how joined up the FSRs were, for example how linked up was the schools' expansion programme to the capital programme. In response the Panel was informed that whilst discussing reviews such as education it would involve many of the same managers so such cross-cutting issues were included.

With regards to the 'right people and tools' thread it was mentioned that the authority was good at day-to-day HR work but not as good at HR strategy; we should be looking at challenge, critique and correct.

Cllr Jones mentioned that if a review came to the conclusion that extra resource was required in a service would this be a recommendation or were the reviews just about savings. The Panel was informed that although the authority had to make savings where extra resources were required if appropriate such a recommendation would be made.

**Resolved unanimously: that the Panel note the progress update and agree the proposed timetable of future review by the panel.**

The meeting, which began at 7pm, finished at 9.45pm

CHAIRMAN.....

DATE.....