

AUDIT AND PERFORMANCE REVIEW PANEL

8 SEPTEMBER 2015

PRESENT: Councillors Paul Brimacombe (Chairman), Adam Smith (Vice-Chairman), Stuart Carrol, John Story, John Collins and Edward Wilson.

OFFICERS: Duncan Laird (KPMG), Catherine Hickman, Sheldon Hall, Richard Ellis, Chris Hilton, Richard Bunn, Alan Abrahamson, Clare Lawrence and David Cook.

PART I

13/15 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Evans and Targowska. Councillors Story and Collins attended as substitutes.

14/15 DECLARATIONS OF INTEREST

Councillor Carrol declared that he was the Deputy Lead Member for Public Health and had asked for agenda item 11, Public Health Accounting, to be brought to the Panel for consideration.

15/15 MINUTES

The part I minutes of the meeting on the 30 June 2015 were approved as a true and correct record.

The Panel noted that the following actions were still outstanding from the meeting on 30 June 2015:

- Shared Audit and Investigation Service – A baseline to show service improvement was requested.
- Information on how new managers get up to speed with risk and governance when they join the authority.
- If the 'tough books' (tablets) being introduced as part of the Tree Improvement Plan had cameras.

16/15 AUDIT MEMO – ISA 260 REPORT

The Panel considered the ISO 260 report for 2014/15 and were informed that the report summarises the key findings arising from the audit work of the Authority's 2014/15 financial statements and those of the Local Government Pension Scheme. The report also included the conclusion of the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

Pages 3 to 4 of the report contained the key headlines with the anticipation of an unqualified opinion of the accounts and VFM arrangements set to be made by the end of September 2015.

KPMG were currently in correspondence with a local elector who had raised a query on the accounts. They were working with the Council to resolve this and did not anticipate a delay to either the opinion or the certificate.

It was noted that it was currently common with audits of local authorities that accounting for local authority maintained schools be identified as a financial audit risk. Officers had been assessing the control arrangements in relation to voluntary aided, voluntary controlled, and foundation schools in order to determine whether the schools' assets should be recognised on the authority's balance sheet.

The Panel were also informed that KPMG also anticipated issuing an unqualified opinion of the Berkshire Pension Fund. The Pension Fund's Annual Report had not yet been finalised and thus they were yet to confirm that the financial and non-financial information it contained was not inconsistent with the financial information contained in the audited financial statements. The Panel had until 1st December 2015 to publish the report.

The Chairman commented that it was good to see the anticipated reporting of an unqualified audit opinion and the conclusion that the authority had good processes in place for the production of its accounts and that the finance department should be commended.

RESOLVED UNANIMOUSLY: That the Audit and Performance Review Panel note the report.

17/15

STATEMENT OF ACCOUNTS 2014-15 FOLLOWING AUDIT

The Chairman introduced the report and informed that detailed questions on the accounts had been sent to officers by Panel Members prior to the meeting.

Councillor E Wilson questioned if the £4.6 million held in reserves had been earmarked for anything and was informed that the authority was required to hold a reserve. The general fund could be used across the council when needed and that the authority does keep a minimum fund that was usually above the current level.

The Council kept a number of reserves; some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to earmark resources for future spending plans. Earmarked reserves includes provisions created by the Royal Borough to cover that part of risk that is considered prudent.

Councillor Story asked what the repayment terms were for the £1.6m loan taken out with the Thames Valley Berkshire Local Enterprise Partnership for the waterways projects and was informed that re-payments had started this year and would be completed within the year; the project was funded by S106 payments. It was noted that the authority did not carry debt unless it was allocated to capital expenditure and a schedule of loans was contained within the Annual Treasury Report.

In response to questions from Councillor E Wilson regarding the apparent disposal of school assets the Panel were informed that when buildings were transferred to academies on a long lease they had to be shown as disposals; the properties

remained the ownership of the Council. Councillor E Wilson recommended that a note be put onto the accounts to this effect.

RESOLVED UNANIMOUSLY: That the Audit and Performance Review Panel approves the audited accounts, a copy of which to be signed by the Chairman before the 30th September 2015.

18/15 BUILDING CONTROL

Chris Hilton attended the meeting to discuss concerns raised about performance within building control as captured in the Integrated Performance Monitoring Report. The Panel were informed that there had been a larger than usual number of staff leaving the department and as the shared service was due to start this financial year it had been very difficult to recruit to the vacant post.

Clare Lawrence, Wokingham Council, attended the meeting as the shared service fell under her remit. The Shared Service had started in April 2015 and the main focus had been on getting the new service established with short notice. When established there were 7 vacancies and thus recruitment and retention was a priority. There was also a large backlog of work brought over from RBWM due to their recruitment problems.

The service was quite different from usual local authority services as 80% of its funding had to come from revenue generation. They were in direct competition with the private sector that were not bound by the same legislation; for example the authority had to publish its charges making it easier to be undercut.

Paul Trevelyan, Wokingham Council, informed the Panel that he had recently been appointed as the Building Control manager and had previously worked for RBWM and West Berkshire Council. Once appointed one of his priorities had been recruiting to the vacant positions and currently one post had been appointed to, two were due to be appointed to September 2015 and there was another advertising campaign underway. They were currently interviewing for a support officer and the vacancy from the RBWM manager would be deleted. It was expected that they would have a full establishment by October 2015.

Although the shared service had yet to agreed its performance indicators the current RBWM ones were:

- The registration and validation of applications within 5 working days.
- Plans checked and responded to within 15 working days.
- Completion certificate issued within 5 working days.

Because of the backlog and the introduction of a new IT system performance on all three targets were currently very far behind.

The Chairman felt that as there was a cumulative effect on the performance of the targets they should be seen in isolation of each other.

The Panel were concerned about the lack of a business plan for the services and how performance was to be improved, it was suggested that a target date should be given to get performance levels back on track.

The Chairman asked if the data could be seen as a Bell Curve so it was possible to see the spread of performance. Paul Trevelyan replied that at present they were having to run two separate systems, a new system was currently being installed so moving forward it would be easier to produce monthly performance reports.

The Chairman mentioned that when the shared service was agreeing their performance indicators they should also consider having a break even point for the service. Clare Lawrence replied that they were expecting to break even this year and that legislation prohibited them to hold a surplus so they had to either re-invest or reduce their fees.

The Panel felt that the service lacked a business case and business management sophistication. It was acknowledged that the shared service was created with existing problems from RBWM.

RESOLVED UNANIMOUSLY: That the Audit and Performance Review Panel note the update and recommended that the shared service be set a target date for improved performance and that targets set have an operational cost model.

19/15 SHARED AUDIT AND INVESTIGATION SERVICE - INTERNAL AUDIT OPINIONS REPORT

The Panel were informed that the attached Report responded to a question raised by Members of the Panel at their meeting on 30 June 2015 in respect of how the assessment was made for determining the overall Audit Opinion for individual Internal Audit reports.

The Panel were informed that the initial audit results were given to the appropriate manager for challenge and the final audit opinion contained an executive summary and how the audit opinion could be improved. In 2014/15 there had been no challenges of the audit opinions. Examples were appended to the report.

The Chairman commented that having no challenges to the audit opinion was good, however he would expect the management team to engage and challenge audits to aid service improvement and quality assurance.

Councillor Story reiterated the concern raised at the last Panel meeting that out of all the audited areas not one had achieved the highest ranking. The Panel were informed that the Management Action Plan would contain details of areas that would need improving to get a higher opinion. It was questioned if reaching the highest level in reality was unachievable; if this was the case the Panel would expect managers to challenge the audit opinion.

The Chairman mentioned that there were still cultural issues regarding risk management and how the authority used it, there needed to be a cultural shift and he questioned if CMT should review how the authority used internal audits.

RESOLVED UNANIMOUSLY: That the Audit and Performance Review Panel note the report.

20/15 2014/15 SHARED AUDIT AND INVESTIGATION ANNUAL REPORT (RBWM)

The Panel were informed that the report had been approved at its previous meeting and was added to this agenda for information as it contained the changes requested by the Panel. It was noted that the Transforming Adult Social Care audit had been removed as the management team had now responded.

RESOLVED UNANIMOUSLY: That the Audit and Performance Review Panel note the report.

21/15 LOCAL GOVERNMENT ACT 1972 – EXCLUSION OF THE PUBLIC

RESOLVED UNANIMOUSLY: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place on following items on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act.

22/15 MEETING

The meeting, which began at 7.00pm, ended at 9.30pm.

Chairman.....

Date.....