

## AUDIT AND PERFORMANCE REVIEW PANEL

TUESDAY, 12 JUNE 2018

PRESENT: Councillors Sayonara Luxton (Chairman), Adam Smith (Vice-Chairman), Malcolm Alexander, Dr Lilly Evans, Derek Wilson, Edward Wilson and Paul Brimacombe.

Officers: Elaine Brown, Rob Stubbs, Julia Barker, Andrew Moulton and David Cook.

### APOLOGIES

There were no apologies received. Cllr E Wilson reported that he would be late.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

The Part I minutes of the meeting held on 12 April 2018 were approved as a true and correct record.

Cllr Saunders, Lead Member for Finance, informed the Panel that the project management protocols had recently been reviewed and that there would be a report presented to Cabinet in July 2018. He felt that this Panel may wish to review the report prior to it being presented to Cabinet along with the director who owns the highest risk rating; the Executive Director of Place who owns the risks for the Borough Local Plan and regeneration projects.

It was noted that the Panel was due to meet on 30<sup>th</sup> July 2018 to sign the audited accounts. The clerk would see if an alternative date was available prior to Cabinet.

### ANNUAL GOVERNANCE STATEMENT 2018

The Head of Law and Governance presented the 2017/18 Annual Governance Statement. It was recommended that the Audit and Performance Review Panel consider the report and recommend the statement to the Leader and Managing Director for signature and presentation with the Annual Statement of Accounts.

The Panel were informed that the Annual Governance Statement was produced to ensure that the Council meets its statutory requirements and those of this Panel's Terms of Reference to be satisfied that the Council has in place appropriate corporate governance systems and controls.

Cllr Smith informed that he had proof read the document and forwarded comments to the Principal Member for HR, Legal and IT. Cllr Brimacombe mentioned that there were spelling errors within the report.

With regards to the action plan Cllr Smith referenced AGS 18.2 – Lack of and timeliness of responses to internal audit reports, and asked who were responsible to responding to the reports. The Panel were informed that the appropriate service area responded to reports.

The Panel were also informed that with regards to AGS 18.3 – Budget Pressures the expected outcome would be changed from reporting to Cabinet to reporting to SMT as budget pressures were already reported to Cabinet.

Cllr Brimacombe felt that there needed to be some tie in with this report and the constitutional review as there was a symbiotic relationship. The Panel were informed that the report looked at common themes and risks across service areas and good governance.

Cllr Brimacombe said that section 1.2 of appendix A said 'to ensure adherence to these requirements..' but the document cannot ensure compliance and it assurance should be used instead.

Cllr D Wilson mentioned that AGS 18.1- Business Continuity Plans, said that a formal response to the 2017/18 draft Internal audit report is still outstanding. Cllr D Wilson mentioned that this should have been actioned by now. The Panel were informed that it should have been a target date for the independent review of business continuity plans.

(Cllr E Wilson joined the meeting)

Cllr L Evans asked if the peer review findings should be added to the report and was informed that this was a separate issue as this dealt with operational issues of the Council.

Cllr L Evans also mentioned that paragraph 5.4 made reference to the ongoing transformation programme and asked if governance arrangements with outsourced services and our partners should be included. The Panel were informed that each service provided management assurance statements and that the director for commissioning would be responsible for statements covering outsourced services. The statements cover all our services with each service area dealing with their own risks. Cllr L Evans mentioned that this would not allow us to catch unknown unknowns.

Cllr Brimacombe mentioned that if the wrong thing was done correctly this would not be picked up by governance.

In response to concern raised by Cllr E Wilson regarding the lack of and timeliness of responses to internal audit reports, the Panel considered how they should monitor this to ensure that SMT were taking appropriate reviews. It was felt that, as with risks being reviewed by SMT, that there should be a trigger put in place that if SMT are not monitoring then they should be brought to this Panel. This should be accompanied by the Panel receiving 6 monthly updates. This proposed process was approved.

**Resolved unanimously: that the Audit and Performance Review Panel notes the report and:**

- **Consider the draft 2017/18 AGS; and**
- **Recommend the 2017/18 AGS to the Leader and Managing Director for signature and publication with the Council's Statement of Accounts.**

#### 2017-18 SHARED AUDIT AND INVESTIGATION SERVICE ANNUAL REPORT AND EXTERNAL ASSESSMENT OF COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS.

The Chief Audit Executive, Shared Audit and Investigation Service, introduced the report that provided an update on the Shared Audit and Investigation Service activity, including progress in achieving the 2017/18 Internal Audit and Investigation Plan to 31st March 2018.

The Panel were informed that the report also contained a summary of the outcome of the external assessment of the Internal Audit Service against the CIPFA/IIA Public Sector Internal Audit Standards. This was the first external assessment since the shared service was established in 2014 and it was a credit to the service that it scored the top level with only minor areas for improvement raised.

There was one reported 'red' compliance raised regarding that the audit charters did not include the mission statement from the PSIAS as required by the revised (2017) PSIAS. The mission statement was included in the business plan so this would be easily resolved.

During the review Cllr Brimacombe, as previous APRP chairman, the Managing Director and the Head of Finance had all been interviewed. Panel reports and minutes had also been reviewed and an action plan had been put in place. The findings of the review would help the shared service secure further external work.

The first part of the report looked at the Internal Audit Teams audits of key financial systems as well as the Council's identified key strategic and key operational risks. The overall audit opinion was "Substantially Complete and Generally Effective but with some improvements required. 93% of the audit plan had been delivered.

There had been 9 audits during the year where the opinions were improved from the draft report. This was due to additional supporting evidence being supplied to reduce concerns and compensating or mitigating controls implemented by management to address concerns raised between the draft report.

There were two audit reviews that had received the third category; debtors and housing options. There were also 3 outstanding audits assigned the third category of audit opinion at the draft stage.

During discussion on the reports the following questions and points were raised:

- Once approved Members should also have access to the new set of RIPA procedures and guidance.
- It was felt that with regards to Housing Options there was insufficient detail of the issues and that the reference to the BLP should not have been included.
- Other shared services were audited and any issues reported to the authorities.
- Building control had been reviewed by Panel previously and its aim was to become its own company. It may be worth reviewing again in the future.
- It was an excellent report as it was not easy to get the top rating from CIPFA and was reassurance that the shared service was working.
- Following recommendations from this Panel it was good to see that draft reports were either being challenged or acted upon resulting in better results. Reports being highlighted to SMT and having a month to respond had helped.
- It was questioned that would seeking other external work hinder the current provision and in response it was acknowledged that RBWM and Wokingham remained the key clients and they could call upon the audit team when required.
- The action plan would be updated every 6 month and every five years there would be an external audit of the service.
- The CIPFA finding should be published especially to show that fraud was investigated.
- ICT audits were not obvious as system reviews would be incorporated into appropriate service reviews. The ICT systems today were in a much better position than seven years ago.

**Resolved unanimously: that:**

- **Members note the Shared Audit and Investigation Service RBWM activity for the financial year 2017/18 and the outcome of the external assessment by CIPFA against the Public Sector Internal Audit Standards.**
- **The Panel gave their thanks to the shared service for their excellent work.**

The meeting, which began at 7.00 pm, finished at 8.20 pm

CHAIRMAN.....

DATE.....