

## AUDIT AND PERFORMANCE REVIEW PANEL

THURSDAY, 20 SEPTEMBER 2018

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

Also in attendance: Cllr MJ Saunders

Officers: Rob Stubbs, Russel O'Keefe and David Cook.

### APOLOGIES

Apologies for the inability to attend the meeting were received from Cllr Alexander.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

**Resolved unanimously: that the Part I minutes of the meeting held on 30 July 2018 were approved as a true and correct record.**

### ANNUAL AUDIT LETTER

The Panel were informed that the Annual Audit Letter was the final version of the report presented by KPMG to Panel at its last meeting. The Panel were asked to note the report.

Cllr Smith said it was good to see a clean audit with an unqualified opinion on the Authority's financial statements.

Cllr E Wilson mentioned that there needed to be a footnote on what testing was undertaken and on the £8.7 million adjustments.

The Chairman asked how both external audits and internal audits missed the overspend on printing by the authority that was reported to the Corporate Services O&S Panel. The Panel were informed that the audit plan was built from the risk register. Cllr E Wilson mentioned that the £90,000 overspend would not fall under the Panels radar when looking at the authorities accounts as a whole. These items would be picked up by budget monitoring.

The Lead Member for Finance reported that our auditors operated at a higher level and would not expect them to pick this up. He informed the Panel that our internal auditors did play a role in the budget build especially with areas that have volume uncertainties that could impact on the budget, such as child care placements. Volume sensitivity could be an area the auditors may wish to look at. They could look to shed light on were volume sensitivity could have an impact and budget assumptions with variance following recent experiences.

Cllr Brimacombe mentioned that after doing sensitivity analysis internal auditors and managers should have narrative that volume changes would be breached by indicators of changes coming and not having to wait for invoices to identify issues.

Cllr L Evans said there could also be large step changes, such as sudden rise in pupils numbers at a school, that have immediate impact but a delay in funding.

The Lead Member for Finance said that the government needed to review funding arrangements for changes in school places such as sudden increased or decreases in pupil numbers. Funding for school places followed the child and not the available spaces in schools.

Cllr E Wilson agreed that the Panel could signpost internal audit to look at the volatile areas in adult services and children services during the budget build process.

The Panel discussed the Schools Forum's role in allocating the dedicated schools grant and how they had the ability to support schools with falling pupil numbers but often said no. It was felt that the role of the Schools Forum and their ability to allocate funds could be a future topic for this panel.

The Panel noted the Annual Audit Letter.

## GOVERNANCE AS PART OF RISK MANAGEMENT APPLIED TO LARGE PROJECTS

The Lead Member for Finance introduced the report that set out how adequate risk management was in place for RBWM as part of its major project governance arrangements. It included a briefing note summarising the proposed arrangements to ensure an effective model of project governance including risk management was in place.

The Panel were informed that there had been an ongoing issue with how Members could have an overview of larger projects and be satisfied that the project was proceeding along the lines of its objectives. This overview had been tricky with regards to larger projects that carried larger risks without the level of consistency that allowed Member overview.

The report presented to the Audit and Performance Review Panel would also be presented to Corporate Services Overview and Scrutiny Panel and was aimed at giving an overview of the proposed default approach to project governance. It was important that Members had an overview of project governance so that they could engage with it.

The Executive Director informed that although the paper gave an overview of project governance arrangements the discussion would move to Part II when considering examples as there were implications and references to specific teams.

Cllr Brimacombe mentioned that it was strange that there was no 'house style' towards project management as he thought that a central methodology for the Council had been introduced. He mentioned that at a recent meeting of the Employment Panel he had been informed that the Council would not be using Prince 2 yet the report mentioned the use of Prince 2 principals. Cllr Brimacombe also mentioned that there was no inclusion of core project tensions between parties but it did mention lesser points such as the use of spreadsheets.

Cllr Brimacombe felt that it was important to have project boards in place for accountability, there needed to be somewhere where issues could be escalated.

It was agreed to continue the discussion in Part II as there would be mention of specific teams.

## 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 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.**

The meeting, which began at 7.00 pm, finished at 8.25 pm

CHAIRMAN.....

DATE.....