

## AUDIT AND GOVERNANCE COMMITTEE

Thursday 16 February 2023

Present: Councillors Lynne Jones (Chairman), Julian Sharpe (Vice-Chairman), John Story, Gerry Clark and Simon Bond

Also in attendance: Councillor David Hilton and Lisa Fryer (SWAP)

Also in attendance virtually: Jonathan Gooding (Deloitte) and Benjamin Sheriff (Deloitte)

Officers: Mark Beeley, Adele Taylor and Andrew Vallance

### Apologies for Absence

There were no apologies for absence received.

Mark Beeley, Democratic Services Officer, informed the Committee that there had been a change to the membership. Councillor Bhangra was now a Member of Cabinet and could not sit on the Committee, Councillor Clark had replaced him as a Member of the Committee.

### Declarations of Interest

There were no declarations of interest received.

### Minutes

**RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 20<sup>th</sup> October 2022 were approved as a true and accurate record.**

### Statement of Accounts 2019/20

Jonathan Gooding, Deloitte, explained that a short update had been provided as part of the supplementary agenda pack, which highlighted where Deloitte were at with the 2019/20 accounts. Infrastructure assets was one of the areas outstanding and there had recently been new guidance published. This guidance had been taken into account and the accounts had been updated. Testing in the area was complete and a quality review had been concluded. Another area was investment properties, some adjustments to the accounts were needed and this work had largely been completed. There was one asset which was being followed up with officers, to explain one of the movements which was posted in the accounts. Jonathan Gooding felt that if the remaining queries on investment properties were concluded, he anticipated that the accounts would be in a position to be signed in the next couple of weeks.

The Chair clarified that there were no more queries that the external auditors had, it was just the final parts which needed to be signed off.

Jonathan Gooding said that it was just the investment property query, it was not material but it needed to be clarified before the accounts could be concluded.

Councillor Hilton, Cabinet Member for Asset Management and Commercialisation, Finance and Ascot, asked which set of accounts was being discussed and would be signed off.

Adele Taylor, Executive Director of Resources, confirmed that this was the 2019/20 set of accounts. Due to her departure from the council next month, it was important that the auditors did all they could to ensure that the accounts could be signed off shortly.

The Chair agreed that it was imperative that the 2019/20 accounts were signed off in the next couple of weeks.

Jonathan Gooding said that Deloitte were down to the last outstanding point, the anticipated timeframe to sign off the accounts should be achievable.

The Chair said that she looked forward to seeing the final set of accounts in the next couple of weeks, once they were complete and ready for her to sign off.

### Appointment of Independent Persons to the Committee

Andrew Vallance, Head of Finance, reminded Members of the Committee that a number of briefing notes on the Redmond Review had been brought to previous Committee meetings, which highlighted improvements that could be made to the work of audit committees. One of these improvements was to have independent persons on the Committee. CIFPA had published guidance, which said that the Committee should have two independent people, it was expected that this would become legislation shortly. To comply with this guidance, officers were recommending that up to two independent people were appointed to the Committee. As amending the constitution was a power reserved for Full Council, the recommendation would be made by the Committee. The report also contained reference to the delegation of authority to officers to arrange a cross party selection panel to make the appointments to the positions. Consideration also needed to be made on whether an allowance should be paid to the positions.

Councillor Sharpe felt that this was a good thing for the Committee to do. He wanted to understand what the role of the independent people would be on the Committee, for example could they Chair the Committee or were they observers.

Andrew Vallance said that the independent person could Chair the Committee, but that would be for Committee Members to decide. The independent people were not voting members, they would be attending in an advisory capacity only.

Councillor Sharpe said it would be useful for the successful candidate to have knowledge and experience of other council services and work.

The Chair suggested that this would be decided by the selection panel.

Councillor Story commented on the knowledge requirements, it was desirable to have knowledge of some key areas but Councillor Story suggested that this could be essential.

Adele Taylor said that through experience not all candidates would have a knowledge of every area specified in the job description. It was also important that the council did not rule an individual out who could bring wider expertise simply because they had not worked in local government before.

Councillor Story asked if the number of independent people could be increased further.

The Chair felt that this could put people off, the selection panel would be able to determine which candidates would be best to be selected.

Councillor Bond had a slight preference for one independent person to be appointed, given that there were only five Councillors on the Committee. However, if the CIFPA guidance suggested two independent people should be appointed, then there was little choice.

Adele Taylor added that this was why the recommendation in the report had been carefully worded as 'up to two' independent people.

Councillor Bond asked that if the arrangement was not working as planned, did the council have the power to remove an appointed independent person from the Committee.

Adele Taylor said that there would be a safety net and the usual process could be followed, if required.

Councillor Bond said that the opportunity to have an individual with local government experience and another individual with experience in a large private company, for example, was an interesting combination and could bring some useful insight to the Committee's discussions. Councillor Bond commented on the requirement of the independent people to be based in Berkshire, he did not understand why someone from Newbury would be appropriate over someone from Bourne End, which was just over the RBWM border. Councillor Bond wondered what level of allowance should be paid.

Andrew Vallance suggested that in comparison to other local authorities, a proposed allowance could be approximately £500 a year.

Adele Taylor added that the Independent Remuneration Panel would provide a recommendation on what the allowance should be.

Councillor Clark said that the job specification did not detail what skills were needed as part of the role.

Adele Taylor said that this would be part of the recruitment process, it was important to find someone who was interested in helping to shape the work of the Committee.

Councillor Sharpe said that employers now were looking far wider than just the local area, with the use of virtual and hybrid meetings it meant that an individual could be based further away from RBWM but still have a useful input. Councillor Sharpe said that the allowance needed to attract the right level of candidate.

Councillor Hilton said that having two supplementary individuals could provide some useful advice to the Committee. The independent advisors could change the Committee for the better.

The Chair queried the requirement for an interested applicant to not be a Councillor or Parish Councillor in the previous five years.

Andrew Vallance said the reason was for independence, there must not be any political affiliations.

Adele Taylor added that some transactions and partnerships could last longer than a couple of years, which was why the five year limit had been added.

The Chair pointed out that due to the term being four years, it effectively excluded former Councillors for eight years.

The Committee considered the recommendations it would like to make. A preference for a geographical radius over Berkshire was discussed.

Adele Taylor explained that the thinking behind Berkshire being a requirement was the local connection and knowledge of RBWM. At the recruitment stage, a decision could be made on whether a candidate could make a connection with RBWM.

The Chair suggested that the geographical restriction could be removed but there would instead be a desirable requirement to demonstrate an ability to connect with RBWM as an organisation and a place.

Councillor Sharpe said that he did not think that a knowledge of the local area was essential, audit and governance was the same across all local authorities.

The Chair said that a safety net needed to be added in so that the council could make a change if things were not working out as planned. The decision on being one or two independent people should be left to the selection panel. She asked if the allowance should be based on attendance per meeting rather than yearly.

Adele Taylor said that it was normally a set amount, as the number of meetings each year could increase or decrease.

The Chair commented on the internal document for skills as part of the recruitment process.

**RESOLVED UNANIMOUSLY: That the Audit and Governance Committee recommended to Council:**

- a) The appointment of up to two non-voting independent persons to the Audit and Governance Committee for a period of three years, commencing 1st July 2023 and that the Constitution be amended accordingly.**
- b) Authority was delegated to the Interim Chief Executive to establish a cross party selection panel, to advertise the positions and make the appointments.**
- c) That the Audit and Governance Committee considered that an allowance should be paid to the independent persons.**
- d) That the Audit and Governance Committee approved the role profile at Appendix A, subject to the following amendments:**
  - a. That the geographical restriction be removed but there would instead be a desirable requirement to demonstrate an ability to connect with RBWM as an organisation and a place.**
  - b. That a 'safety net' was implemented so that the council could remove an independent person from the Committee, should the arrangement not be working as planned.**
  - c. That an internal document was produced as part of the recruitment process, highlighting the skills which would be required for the role.**

### Internal Audit Progress Report Q3 2022/23

Lisa Fryer, South West Audit Partnership, explained that the progress report covered up until the end of January 2023. A number of audits had been finalised since the last update in September, with a total of seven being completed. SWAP wanted to focus on high risk areas and this had been built on throughout the year, most of the strategic risks to the council would be covered. The strategic risk register was currently undergoing a refresh, the audit plan for the next year would be mapped against the updated strategic risk register. Progress overall had been good, over 60% of the plan had been achieved with a lot of work in progress while there was a small amount which was still yet to start. Lisa Fryer commented on the contract management audit, this was identified as an area of high corporate risk with the overriding weakness being the lack of a contract management framework or guidance. The audit had been well received by officers and they had been keen to implement an action plan to mitigate the risks which had been identified. Gaps had been noted in the contract register, a whole audit of this would be conducted as part of the next internal audit plan. Two follow up audits

had been completed, actions had been noted which had been taken to minimise the risks which had been identified in the original audit.

Councillor Sharpe felt that the audits were helping to show officers where improvements could be made, it was beneficial to council services.

Lisa Fryer felt that there was a partnership between SWAP and the council, there had been positive collaboration and openness from senior officers.

Adele Taylor said that areas had been picked for audits based on risk and also on where improvements to best practise could be made. Audits had actions plans which showed where changes would be made.

The Chair asked where actions would be put in place, in regard to the contract management audit.

Lisa Fryer said the audit report would be available to all Committee Members through the dedicated Microsoft Teams channel. The framework being implemented, training contract managers and that the contract register contained all contracts were some of the actions which had been suggested.

Adele Taylor added that if there was a particular audit report that the Committee wanted to review, they could request this to be considered at a future meeting. A lot of the work on contract management had already commenced.

Councillor Hilton commented that in the past, it had been difficult to understand what work was being proposed. The plan now was very clear and the summary of completed audits was beneficial to understanding what work had been completed.

**RESOLVED UNANIMOUSLY: That the Audit and Governance Committee noted the report.**

#### Internal Audit Plan 2023/24

Lisa Fryer said that this was the second audit plan from SWAP and followed a similar approach to the first year. There would be a focus on high risk areas where SWAP could add the most value. The strategic risk register and the operational risk register had been used to help develop the plan. It was important to also cover core processes represented in the plan. Meeting with directors and senior managers at the council had been useful as officers were open about the areas that they had concerns about, there was an agreement about what should be covered by internal audit. A healthy organisation review would take place, which considered the process for effective governance and management of the organisation. This would give the Committee an oversight of all the core processes at a point in time and could be used as part of the annual governance statement as a piece of evidence, showing a positive director of travel. All limited assurance audits would be followed up in next year's audit plan.

The Chair was pleased to see plans for a healthy organisation review, she felt that this would be useful for the Committee to understand the areas of improvement.

Councillor Sharpe was surprised to not see any areas of focus on fraud risk, particularly as Committee Members had received training from SWAP on fraud awareness before the meeting.

Lisa Fryer said the main piece of work which had been done this year was the baseline assessment, this would be followed up next year. Where additional risks were identified, the plan could be updated.

Adele Taylor added that fraud and corruption ran through a number of audits as a core theme.

Councillor Sharpe asked about a cyber security audit.

Adele Taylor said that an internal audit was not always needed to check something like cyber security, there was external validation on this area.

Councillor Bond asked if there were any surprises over the course of the first year.

Lisa Fryer said that there had been a focus on finance from the previous internal auditors, SWAP had conducted a much wider internal audit review.

Councillor Clark hoped that officers had identified ways to ensure the outcomes from contract management were improving, while also looking to embed performance monitoring in the contract itself.

Lisa Fryer asked for the Committee's approval of the internal audit charter, which set out the roles and responsibilities for the internal auditors.

**RESOLVED UNANIMOUSLY: That the Audit and Governance Committee noted the report and:**

- i) Approved the Internal Audit Plan for 2023/24.**
- ii) Approved the Internal Audit Charter.**

Work Programme

The Chair asked if the 2020/21 accounts would be ready to be considered at the May 2023 meeting.

Andrew Vallance said that it was highly unlikely that the accounts would be ready in time for the meeting. A draft set or progress report could be considered at the July meeting. It was anticipated that the draft accounts for 2022/23 would come to the May meeting.

Lisa Fryer said the internal audit opinion could be considered in May, along with an internal audit progress report.

Adele Taylor said the annual governance statement would be considered alongside the draft set of accounts in May.

Members of the Committee paid tribute to Adele Taylor, the Executive Director of Resources, for her help and support during her time at RBWM. She would be leaving the council in March to join Slough Borough Council.

The meeting, which began at 7.00 pm, finished at 8.15 pm

Chair.....

Date.....