

GOVERNANCE & AUDIT COMMITTEE
27 JUNE 2018
7.30 - 8.35 PM



Present:

Bracknell Forest Borough Council:

Councillors Allen (Chairman), Thompson (Vice-Chairman), Heydon, Mrs Temperton, Worrall, Mrs McKenzie-Boyle (Substitute) and Peacey (Substitute)

Apologies for absence were received from:

Councillors Ashman, Leake and McLean
David St John Jones

4. Declarations of Interest

There were no declarations of interest.

5. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on the 28 March 2018 and 23 May 2018 be approved as a correct record, and signed by the Chairman.

6. Urgent Items of Business

There were no urgent items of business.

7. Governance: Bracknell Forest Council and the Voluntary Sector

The Chairman withdrew this item at the start of the meeting.

8. Standards Annual Report

Sanjay Prashar, Borough Solicitor attended the meeting to present the Committee with a report that advised the Committee, and subsequently Council, of the activity within the Council's Standards framework from 1 April 2017 to 31 March 2018.

The Committee were advised that there had been six complaints against Councillors in the last financial year and that no particular trends were identifiable. All complaints that had been received considered to be of a low level, and none would have warranted a suspension under the old regime. The Borough Solicitor considered the current framework to be fit for purpose since the introduction of the Localism Act 2011.

Arising from discussion it was noted that the grounds of complaints indicated that 'social media comment' was a headline subject but the Borough Solicitor advised that although this was not a particular issue for the authority there was a need for members to be circumspect when dealing with the public on social media.

The Borough Solicitor advised that in January 2018 the Committee for Standards in Public Life (CSPL) commenced a review of ethical standards in local government and there was national concern regarding the sanctions available and their effectiveness 350 responses to the national consultation would inform the CSPL's report which would be not be published until the end of the year.

The Borough Solicitor clarified the process for dealing with complaints explaining that the independent person was spoken to before a decision on how to proceed with the complaint was made, he reassured Members that complaints were consistently managed as either he or the Assistant Borough Solicitor dealt with complaints with no Political or Executive Members influence on the way complaints are handled. He added that as part of the complaints' procedure the Group Whip was alerted so that the group could take action if they so chose.

The Borough Solicitor further clarified that there had been eight actual complaints in the last year with one excluded from the figures as it was outside of the Code of Conduct and two complaints related to the same Councillor but had been made by two separate people.

In response to comments about vagueness about the nature of complaints the Borough Solicitor agreed to include more of a narrative within the tables to provide more clarity and explanation behind each complaint in next year's report. He asked that the Committee noted that it was an important principal to maintain anonymity especially where no fault had been found.

RESOLVED that the Standards output in 2017/18 as set out in the agenda report be noted.

9. **Internal Audit Annual Assurance Report 2017/18**

Sally Hendrick, Head of Audit and Risk Management attended the meeting to present the Committee with her annual internal audit opinion for 2017/18 in the order to comply with the Public Sector Internal Audit Standards. It was noted that this was timed to inform the review of the Annual Governance Statement (AGS).

The Head of Audit and Risk Management advised the Committee that she was able to provide reasonable assurance that there is a sound system of control in place subject to some significant control weaknesses as described in section 5.3 of the agenda report including some general weakening in financial controls across the Council.

During 2017/18 there had been some weakening in financial control which had not been raised before. This was down to a number of reasons including issues around the transaction processing of creditor payments and debtor receipts as well as a result of the transformation process. The Committee were advised this was due to issues with staff sickness that had affected processing as well as the reduction in the level of support in departments before self- service tools are made available to staff.

The Head of Audit and Risk Management had also been concerned about the reduction in the amount of monitoring of key performance indicators (KPIs) in Finance which were an important measure to control and assess what was happening.

Arising from the discussion the following points were made:

- It was explained that an internal audit provided opinions on controls and the control environment, not just financial control. It also provided opinions on risk management and governance. The External Auditor assessed if financial figures in the financial statements were true and fair but did not have sight of all internal audit reports.
- Although the definitions of assurance level were contained within the report it was noted that the use of the word 'significant' was confusing as both an adjective describing severity of issues and a positive level of assurance. The Head of Audit and Risk Management agreed to try to use an alternative descriptor going forwards.
- It was clarified that an opinion was given based on the level of assurance and that if an area has no assurance level, the auditor was not certain if things were happening properly therefore would have 'no opinion'. If an area had limited assurance level then there were significant issues putting the objectives of that area at risk. However the Committee were advised that most audits were assessed at a satisfactory assurance level.
- The Committee were updated that work was ongoing to review the Council's business continuity and disaster recovery plans to reflect changes in working practices, the office move to Time Square and that the Strategic Risk Management Group would oversee this. To support this process the Chief Officer for ICT would be taking a paper to CMT in late summer.
- In response to concerns raised by the Committee regarding the absence of improvement in the Construction and Maintenance area highlighted in the last three audits carried out over 18 months they were advised that no further audit work would be undertaken in order to allow management to address the issues raised. The Head of Audit and Risk Management agreed to carry out a review to provide an update on their progress. The Committee reflected that if no improvement was found, the Governance and Audit Committee would ask the Director to explain.
- The Head of Audit and Risk Management advised that there was also no follow up planned for the LED lights area as the open book contract had been audited and identified some issues resulting in a limited assurance level. A good relationship existed with Ringway and they had already addressed the points raised therefore no further audit work would have been useful as the chief officer and heads of service monitoring the contract would be responsible for taking issues forward.
- In response to a question on how the Committee should proceed in respect to concerns around weakening financial control, the Head of Audit and Risk Management advised that the appropriate course of action would be for the Committee to raise this with the Borough Treasurer.

RESOLVED that the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion for 2017/18 be noted.

10. **Annual Governance Statement**

The Committee considered the Annual Governance Statement (AGS) for 2017/18, and the Draft Annual Governance Statement 2018/19 - Action Plan. Sanjay Prashar, Borough Solicitor attended the meeting to brief members on the process to develop the AGS and provide an update on progress against the Action Plan agreed in June 2017. He highlighted the following:

- Compliance work was ongoing to respond to GDPR which came into force on 25 May 2018.
- The Council's Constitution had been reviewed.

- The Code of Conduct Working group had introduced a lighter touch approach towards the category of Affected Interests to avoid a member being barred from participating in debate or from voting on the matter.
- The Annual Governance Statement highlights the transformation agenda. Change management is an important part of governance.
- Work was continuing to communicate and raise staff awareness of information management policies.
- Work was ongoing to update the business continuity management plan

The absence of whistle blowing within the organisation lead to queries whether the whistle blowing procedure was properly socialised and work would commence to ensure this happened. Councillor McKenzie- Boyle advised the Committee that she was aware of an independent company called 'Sayso' which Royal Berkshire Fire and Rescue Service had engaged which provided advocacy service to whistle-blowers.

RESOLVED that

- i) the draft Annual Governance Statement ("AGS") shown as Appendix 1 to the agenda report be approved; and
- ii) the Action Plan shown as Appendix 3 to the agenda report be approved.

11. Bracknell Forest Strategic Risk Update

In accordance with the Risk Management Strategy the Strategic Risk Register is updated and reviewed by the Strategic Risk Management Group (SRMG) on a quarterly basis and by the Corporate Management Team (CMT) at least twice a year before coming to the Governance and Audit Committee for feedback.

The Register was reviewed by the SRMG on 5 June 2018 and by CMT on 6 June 2018. The Committee considered the updated Strategic Risk Register and provided Sally Hendrick, Head of Audit and Risk Management with feedback on the completeness of risks and appropriateness of risk scores including the score for risk appetite in the Register.

The Head of Audit and Risk Management advised that one key change requested by CMT was to separate out the cyber risk as a separate risk from being merged with the IT risk.

The Committee agreed with the Head of Audit and Risk Management's observation that following on from recent disruptions the business continuity risk should be reinstated and agreed with the assessment that there was uncertainty if the business continuity arrangements were sufficient to respond effectively to an incident.

The Committee discussed whether it accepted the statement in Risk Six that demand for services within Adult Social Care were unpredictable. It noted that Corporate Management Team (CMT) and the Adult Social Care department considered that financial and demand pressures could not be predicted but that view was questioned as it was suggested by one Committee member that more could be done to predict demand and therefore costs. The Chairman suggested that this should be raised with Adult Social Care Overview and Scrutiny Panel if further clarification was sought.

CHAIRMAN