

**GOVERNANCE & AUDIT COMMITTEE**  
**27 MARCH 2019**  
**7.30 - 8.40 PM**



**Present:**

**Bracknell Forest Borough Council:**

Councillors Allen (Chairman), Thompson (Vice-Chairman), Leake, McLean, Mrs Temperton and Worrall

**Independent Member:**

David St John Jones

**Apologies for absence were received from:**

Councillors Ashman

**33. Declarations of Interest**

There were no declarations of interest.

**34. Minutes of previous meeting**

**RESOLVED** that the minutes of the meeting of the Committee held on the 30 January 2019 be approved as a correct record, and signed by the Chairman.

**35. Urgent Items of Business**

There were no urgent items of business.

**36. Interim Audit Report**

Sally Hendrick, Head of Audit and Risk Management attended the Committee and presented a summary of the Internal Audit activity during the period April 2018 to 13 March 2019.

Sally Hendrick advised the Committee that:

- The report followed the interim report provided to the Committee on 30 January 2019.
- Section 3.4 set out the major control issues identified as the number of audits with a limited assurance opinion and/or priority 1 recommendation and increased occurrence of limited assurance/priority 1 recommendations being issued again at follow-up audits.
- Common themes arising out of the audits included poor debt management, weaknesses in some financial control across the Council and review and monitoring arrangements in some services such as the annual review of some residential care cases in Adult Social Care and quarterly Direct Payment checks not taking place or being behind schedule. CMT was to consider common themes of weakness to review the provisional internal audit plan and ensure this addressed these areas adequately.

- Section 3.6 provided details on nine audits with major issues (eleven audits in this category had previously been reported at the last meeting on 30 January 2019). These included two 'repeat offenders' – Business Rates and Council Tax.
- A priority one recommendation was raised to address weaknesses in financial monitoring of S106 monies.
- One priority 1 recommendation was raised in respect of uncertainty about the completeness of sickness recorded.
- A priority 1 recommendation was raised due to non-compliance with controls to review and approve purchase card expenditure.
- Appendix A provided details on the status and outcome of all audits carried out to-date in 2018/19 which showed that delivery against the planned programme was on track with audits finalised, issued in draft or in progress.
- Appendix C provided an update from managers of 2017/18 audits where a limited assurance/priority 1 recommendation had been given more than once.

In response to questions from Members, Sally Hendrick, Head of Audit and Risk Management advised the Committee that:

- The main weakness identified in financial monitoring of S106 monies had arisen because the monitoring had been carried out by one individual for many years and following their departure, there had been a delayed handover which had resulted in the monitoring spreadsheet not being updated. New processes had been agreed to address the issue and ICT had been invested in to reduce the reliance on spreadsheets and the implementation was now in progress. One error in the allocation of S106 monies had been identified whereby the sum of £10,000 was allocated somewhere when it had already been spent.
- It was noted that if a proportion of S106 monies was allocated incorrectly to different budgets or not allocated at all then the budget holder may lose the monies as there was a limited time to spend the money before it went back to the Developer.
- As outlined in the Creditors report in the pink section, a transaction had been identified where an officer had approved a transaction for £92k when their Agresso system approval limit was in fact £50,000. The Director: Finance advised that there appeared to be some issue around how this had been set up on the system.
- Members questioned whether the audits with major issues identified within the People Directorate were a safeguarding concern. Sally Hendrick said this could possibly be the case with regard to for example the missed annual reviews.
- The absence management audit had identified poor record keeping by managers around actions and discussions with staff around their sickness absence and issues such as lack of sickness certificates and return to work forms. The key issue the auditors had found was around trying to give assurance on the completeness of sickness absence recorded. It had not been possible to verify sick records by, say, looking at an individual's flexi record as the style and submission protocol of these records was not consistent across the organisation. For example, some individuals maintained their own records, did not always note down when they were sick and didn't always submit their records to their manager whilst some departments held a central record. Only a small sample of flexi records could be tested to trace to sickness records and for the small sample tested errors of omission were found in sickness recording. Members expressed their disappointment that this issue had been identified as unsatisfactory for the last 2 years and had not yet been resolved.

- The variation in completion of flexi records across the Council was felt by Members to be a cultural and historical one though that view was not supported by department Directors who felt the issue was due to the reporting being misrepresented. Stuart McKellar, Director of Finance said absence recording was now facilitated by iWorks, however, the use of the system was not yet consistent across the Council. In addition, iWorks did not have the facility to record flexi time worked, only the ability to record the actual absence.
- Members discussed that the issue of absence monitoring should go before CMT with the request that they devise a central strategy of recording flexi that is pushed down the organisation. Members agreed that it was a management function to ensure that individuals recorded their working hours so that their whereabouts was known and that, as Chair of CMT, these comments should go to the Chief Executive.
- Sally Hendrick said she would support a central method of recording flexi time but noted that the senior management team were considering the need to balance time recording requirements with the agile working agenda where the focus was on outcomes rather than minute-by-minute monitoring.
- With regard to the priority 1 recommendation raised due to non-compliance with controls to review and approve purchase card expenditure, Sally Hendrick said this related to approving officers not approving the expenditure. Stuart McKellar said there had been a heavy push to improve the situation and if expenditure was not entered onto the system, the card would be withdrawn.
- Sally Hendrick said a sample of 20 transactions had been audited and 8 (40%) had not been approved with some serial offenders. Members discussed whether it was unfair on the card holder to withdraw the card if the approver was not following procedure with Members agreeing that whilst it was the responsibility of both to ensure the correct process was followed, ultimate responsibility lay with the approver. Members agreed that Assistant Directors responsible for serial offenders should be asked how they were addressing the situation.
- Sally Hendrick said the issue was due to be re-audited in quarter 2 and whilst she would be willing to bring the re-audit forward to quarter 1, she recommended it remain on schedule to allow time for the situation to be resolved.
- With regard to the update from managers of 2017/18 audits where a limited assurance/priority 1 recommendation had been given more than once, the unaudited updates from managers now all had an amber or green rating. Members were encouraged to note that the process for write-offs had been improved.

Members discussed the format for the update from Managers and all agreed the colour-coded Finance report was the preferred layout with the adjustment that the columns were changed to be full-width with target date, responsibility, priority and rating as boxes underneath. Sally Hendrick said she would devise a template to be sent to managers for this purpose in the future.

**RESOLVED:** that the report that summarised the Internal Audit activity during the period April 2018 to 13 March 2019 be noted.

### 37. **Annual Audit Plan**

Sally Hendrick, Head of Audit and Risk Management presented a summary of the Provisional Internal Audit Plan for 2019/20.

- Sally Hendrick advised the Committee that the 2019/20 Internal Audit Plan had increased from 454 days to 517 days. The increase of 63 days was largely due to the increased number of audits in 2019/20 to follow up limited assurance audit reports from 2018/19.
- Members were advised that the Plan proposed was provisional. With the number of limited assurance reports being higher than in previous years, CMT was currently reviewing the audit reports with a limited assurance opinion and/or priority 1 recommendation to identify any key, recurring themes arising from these audit reviews and assess if the 2019/20 plan adequately covered these themes.
- The new Director of Delivery, Kevin Gibb, had only just started in post and would be consulted on what he was looking for but had already indicated he would like an audit on GDPR to be undertaken.
- Following a suggestion by Members that the absence management audit should include time management, Sally Hendrick advised that it was unlikely that any processes to improve time recording would be fully in place by the time of the next absence management report. She had suggested a separate audit on time recording for 2019/20 but again this had not been included for the same reason.

The Chairman commented that some of the audits were classed as follow-up; Sally Hendrick explained that sometimes this meant a narrowing-down on the issue uncovered but that a note could be made that indicated all those 2019/20 audits that were limited in 2018/19.

**RESOLVED:** that the Provisional Internal Audit Plan for 2019/20 be approved.

Councillor Ian Leake thanked the auditors for their work and for the level of detail and transparency in both the Interim Audit Report and Internal Audit Plan for 2019/20 and asked the Committee to commend and value the work that had been undertaken. Councillor Ian Leake added that because the auditors had carried out their work so effectively, Members had been made aware of the problems and how they were being addressed.

**CHAIRMAN**