

**GOVERNANCE & AUDIT COMMITTEE
22 MARCH 2023
7.30 - 8.56 PM**



Present:

Councillors Allen (Chair) Brossard, Gbadebo, Mrs Hayes MBE, Heydon, Leake and Parker

Apologies for absence were received from:

Councillor Wade

29. Declarations of Interest

There were no declarations of interest.

30. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on the 25 January 2023 be approved as a correct record.

31. Urgent Items of Business

There were no urgent items of business.

32. Internal Audit Update

The Committee received and considered the Internal Audit Update.

This report summarised the activities of Internal Audit for the period April to February 2022 drawing together progress on the Annual Internal Audit Plan, risk management and other activities carried out by Internal Audit.

Between April 2022 and 28 February 2023, 7 grant audits and 23 reports/memos were finalised, 2 reports/memos were issued in draft awaiting management responses, 1 was in draft awaiting quality review and 16 audits were work in progress. Comparative figures from the same point at the previous year had been included within the report and the outcomes from those Audits. Since the report had been published further reports had been issued on the Open Learning Centre, Debt Management, Street Lighting and one of the School Fallout reports as well as having certified another grant. None of these reports had a partial opinion.

There were no new significant findings to report since the last meeting in January 2023.

The resources available for internal audit had been affected during 2022/23 with recruitment of the internal audit apprentices being delayed and a permanent senior auditor left the Council on 2 January 2023. Therefore, there had been a delay in audits throughout the year, but the team were hoping to catch up on some of these audits in the final quarter with many audits currenting in progress.

In the plan there had been 67 audits scheduled for the year. The Team has 35 audits in final and draft out and 16 still in progress. Several audits had been deferred or were no longer relevant to undertake such as recording of decisions where separate work had been undertaken by the Borough Solicitor, so this audit hadn't been required. A detailed summary of this could be circulated to the Committee if they wished.

As a result of the update provided, and as a result of the Committee's comments and questions, the following points were made:

- The SARS audit had been asked by management to be pushed back as new procedures had been introduced and they wanted those to bed in before an audit was undertaken.
- IR35 Audit was originally in the plan, but it was unclear what was required.
- The issues with the Amazon Card had since been addressed so that audit could be picked back up.
- The IT audits were on hold and would be revisited at a later date.
- PPR was deferred as new processes were being put in place.
- Larchwood hadn't been undertaken due to capacity within the Audit Team.
- The Parenting Assessment Audit had been deferred at the request of the Assistant Director.
- The second housing benefit audit had been cancelled so that there wasn't two undertaken in the same year due to a previous audit being deferred.
- Homelessness hadn't been undertaken as Housing Allocations were already being audited and it would have been too much pressure on the team.
- Domiciliary Care had been deferred due to the Team capacity.
- The pupil referral unit audit had been pushed back at the request of the Assistant Director to December 2023.
- One school had been academized so wouldn't require an audit anymore.
- The apprenticeships within the team had been in post since November 2022 and had had a positive impact. It was hoped that they would be brought to the next meeting to meet the Committee.
- It was planned that the plan for the next year would be more flexible going forward to allow for changes.
- The Audit Team were hoping to recruit a Principal Auditor with leadings towards IT Audits and Information Governance Audits so that external audit resources weren't relied on.
- An IT Audit needs assessment would be undertaken to see what audits were required to see where the key areas of audit were.
- The 16 audits in progress would go against the data for this year. These audits were very near completion.
- Endorsement from the Committee was sought for departments to complete the Audit Recommendation tracker.

The Committee noted the update on progress on the Internal Audit Plan for 2022/23.

33. **Internal Audit Plan for 2023/24**

The Committee received and considered the Internal Audit Plan 2023/24.

The purpose of the report was to set out the underlying principles applied in the Internal Audit planning process.

The plan had been developed through discussions with management, IT auditors and risk register reviewed across the Council. The risk register was currently in a state of

flux, being reviewed by CMT and there would be a new Council Plan following the Elections in May. The plan was not set in stone and was reviewed on a regular basis throughout the year, with changes made as appropriate.

The priorities of the plan and the audits would be agreed with the Chief Executive.

Following the Committees comments and questions, the following points were made:

- Data quality work could be undertaken on the information the Council produced as part of the Climate Change Action Plan.
- A Section 113 agreement was in place with Wokingham Borough Council, and they sold audit services to several authorities.
- IT Audit resource was bought externally.
- The IT Audit contract was coming to the end of the contract period. There had been issues towards the end of the contract.
- An audit of policies and procedures had been undertaken on security cameras around the borough – a follow up would be undertaken.
- Essential audits had to be undertaken as the requirement of the grant they were linked too and were mandatory.
- There were challenges around gathering the information required for the Public Sector Internal Audit Standards (PSIAS) external quality assessment which was undertaken every 5 years. Following the review, it was confirmed that the Council fully conformed.
- The 3 school audits would be undertaken in Quarter 1. There was still hangover from Covid where Audit were unable to visit schools.

RESOLVED that the Internal Audit Plan for 2023/24 was approved.

34. **Recording of Officer Executive Decisions**

The Committee received a report asking them to review the existing arrangements for the recording of Officer Executive decisions.

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 stipulated that a decision be recorded as soon as reasonably practicable after a decision has been taken.

Whilst the requirement had been straightforward to comply with in terms of Executive and Executive Member decisions, (which Democratic Services retained oversight) the recording of officer Executive decisions had been more challenging due to a lack of consistency in approach. The requirement applied whether or not the decision is a key decision with numerous executive decisions being undertaken by officers on a daily basis and a large number of these were administrative. A line therefore needed to be drawn as to what type of executive decision should be recorded as it could result in an administrative nightmare for all officer executive decisions to be recorded.

The Department of Communities and Local Government ('DCLG') published guidance in 2012 which provided that it was not intended that administrative and operational decisions were to be recorded.

Clarification had previously been sought by CMT over issues such as the continuing viability of this £10k threshold criteria, whether expenditure already agreed in the budget needed to be recorded and whether the requirement applied to Contract Standing Order Waivers. CMT tasked the Borough Solicitor to review the thresholds with a view to reporting to Governance and Audit Committee as to what may be

more appropriate today in the light of experience. As a result, the Borough Solicitor has undertaken a desktop analysis of the criteria applied across a handful of other local authorities and the results of that analysis were included in Annex A with the proposed amendments detailed at 5.8 in the report.

As a result of the Committees comments and questions, the following points were made:

- Cumulative spend was considered under contract standard orders and was not required for Executive Decisions.
- Under contract standard orders there was a requirement to ensure spend was aggregated.
- It was important that preferential treatment was not given to providers.
- It had been introduced in the criteria that Any Executive decision taken contrary to legal advice and that any Executive decision which conflicts with the Council's Budget and Policy Framework.
- There was not a criterion to search by value on the website.
- 20 -25 decisions were recorded per year.
- There were no issues with the arrangements being too much work.
- It was expected that there would be more decisions recorded as awareness would be better communicated.
- The requirement would be communicated and reinforced to officers following the Committees decision.
- The communication plan hadn't yet been decided but it had been thought there would be a session at the Senior Leadership group and the process detailed on the Councils intranet pages.
- There were concerns with how the wording around the amount was written, and it was requested that this be worded as a one off spend.
- Any cool off would have gone through a previous Executive decision.
- There were concerns about the £25,000 figure being too high, and that £20,000 would have been a better figure.
- Asset of Community Value were recorded under transparency; therefore this was deleting duplication of work.

Following the Committees debate, it was proposed and agreed that the criteria detailed within the report be amended at Point 1 and 2 with the value to be reduced from £25,000 to £20,000.

Therefore, the two points of the criteria would be:

1 - Any Executive decision arising directly from a constitutional delegation under Part 2 Section 6 involving expenditure or savings in excess of £20,000.

2. Any Executive decision which is taken in exercise of an express delegation made to an officer by the Executive, an Executive Committee or an individual Executive Member involving expenditure or savings in excess of £20,000

RESOLVED that the Governance & Audit Committee approve the changes to the existing criteria for recording Officer Executive Decisions set out in paragraph 5.8 with the above amendments at point 1 and 2.

CHAIRMAN