

**GOVERNANCE & AUDIT COMMITTEE**  
**26 JUNE 2019**  
**7.30 - 8.40 PM**



**Present:**

Councillors Allen (Chairman), Wade (Vice-Chairman), Gbadebo, Mrs Hayes MBE, Heydon, Neil, Tullett and Green (Substitute)

**Apologies for absence were received from:**

Councillor Leake

**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 27 March 2019 be approved as a correct record and signed by the Chairman.

**6. Urgent Items of Business**

There were no urgent items of business.

**7. Annual Governance Statement**

Sanjay Prashar, Borough Solicitor, attended the Committee and presented a summary of the Annual Governance Statement for 2018/19.

Members were directed to the Executive Summary which reported on the effectiveness of the Council's governance arrangements during 2018/19 and took note of a diagram of the overview of the Council's governance framework.

The statement included a summary of assurance for each of the seven principles on which the Statement was based, which were:

1. Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
2. Ensuring openness and comprehensive stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social and environmental benefits
4. Determining the interventions necessary to optimise the achievement of the intended outcomes
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it
6. Managing risks and performance through robust internal control and strong public financial Management
7. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

The progress to address 3 important governance improvement areas from 2017/18 were highlighted:

**PROPOSED ACTION:** Continue to take a proactive approach to counter fraud and whistle blowing, promoting the Council's policies and focussing internal audit activity on areas of high risk.

**UPDATE:** Fraud Newsletters now produced regularly. Seven fraud awareness training Sessions open to all staff already held in quarter 4 of 2018/19.

**PROPOSED ACTION:** Review by Standards Framework Working Group of the efficacy of introducing specific requirements in the Councillor Code of Conduct relating to the use of social media.

**UPDATE:** Social Media Training including in Member Development Programme agreed by Member Development Charter Working Group.

**PROPOSED ACTION:** To undertake a review of current compliance with GDPR and take any remedial steps as necessary (6 month post implementation review).

**UPDATE:** Compliance activity undertaken by DPO and IMG against action plan. Update provided to CMT in December 2018.

Sanjay advised the Committee that the key action points – and their owner – for the year ahead were:

- Refresh Council Plan and Director Service Plans (CMT).
- Keep Corporate Business Continuity Management Plan updated and communicate this across the Council (Service Manager, Emergency Planning).
- Review Strategic Risk Register to align with manifesto commitments (Head of Audit & Risk Management).
- Directorate Risk Registers to be put in place for all directorates reflecting new structure (Directors).
- Update Information Governance procedures (Data Protection Officer).
- Submit 2019/20 NHS Data Security and Protection Toolkit (Data Protection Officer).
- Cross Council Information Asset Register and Data Retention/Disposal schedules to be updated to improve records management regime (Data Protection Officer).
- Ensure provision of induction training for new Members (Head of Democratic & Registration Services).
- Monitoring of actions to address common areas of weakness (CMT).
- Monitoring of all limited assurance audit reports (DMTs).

In response to questions from Members, Sanjay Prashar, Borough Solicitor advised the Committee that:

- Three training sessions were planned on Code of Conduct for Members which Sanjay would be running.
- Members and officer relations training had taken place which was well attended. Councillor Peter Heydon said this training had been excellent and was carried out by Bethan Evans, a well-known lawyer in local government, who would also be carrying out DMT training.
- The intention was for Parish and Town Councillors to attend future training.

**RESOLVED:** that the draft Annual Governance Statement and action plan appended to it be approved.

## 8. Annual Standards Report

Sanjay Prashar, Borough Solicitor, presented a summary of the Annual Standards Report.

The report set out the current framework for the handling of complaints alleging a breach of the Code of Conduct for Members.

The data showed an increase in complaints received in 2018/19 from the 10 previous years; the figure being 9 complaints against a high of 7 complaints in 2016/17. The majority of complaints received in 2018/19 were against Parish and Town Councillors, and the grounds for each complaint and outcome were set out in appendix B of the Report.

Following a consultation on Local Government Ethical Standards launched in January 2018 by the CSPL, the findings of the review were published in a report in January 2019. Members were directed to the reports main recommendations for central government which were not expected to be made into legislation for some time. The recommendations included the reintroduction of the power to suspend Councillors for a period of up to six months and also for Councillors to be given the right to appeal to the Local Government Ombudsman against such a sanction.

The report also included a list of best practice recommendations directed to local authorities, most of which were already adopted by the Council. Where there was some divergence, those areas would form the basis of a separate report later in the year following consideration by the Code of Conduct Working Group.

In response to discussion and questions from Members, Sanjay Prashar, Borough Solicitor advised the Committee that:

- It was believed the Council had only one Independent Person, Louis Lee, who worked alongside the Monitoring Officer to consider investigative reports as a result of a complaint received against Members. Sanjay said an appointment process had been undertaken and Louis was the only successful candidate.
- The CSPL report would examine if Members were acting in capacity as a Councillor or acting in their personal capacity with reference to complaints made against them in all areas, including social media.
- It was discussed whether consideration given to any divergence in the best practice recommendations by the Code of Conduct Working Group could be overridden by the Government review taking place. Sanjay thought there was not likely to be any override and that it was important to consider which recommendations the Council adopted in terms of best practice. David St John Jones volunteered himself as Independent Member to go through the best practice recommendations and confer with the Monitoring Officer as to whether any that were not already found in the Council's Code of Conduct ought to be incorporated.

**RESOLVED** that:

- 1 The Standards outputs in 2018/19 as set out in appendix B of the Annual Standards Report be noted.
- 2 The Best Practice recommendations set out in the report of the Committee for Standards in Public Life (CSPL) into ethical standards in appendices C and D and the proposal in paragraph 11 of the Annual Standards Report for these recommendations to be considered by the Monitoring Officer in consultation

with the Independent Member of the Committee with a view to any changes to the Council's Standards Framework agreed by the Panel being presented to Council later in the year for adoption.

## 9. Strategic Risk Update

Sally Hendrick, Head of Audit and Risk Management attended the Committee and presented the Strategic Risk update.

The Strategic Risk Register was last reviewed by the Governance and Audit Committee on 30 January 2019, by SRMG on 8 May and by CMT on 5 June 2019. Key proposed changes reviewed and agreed at SRNG and CMT were:

- To add a risk on internal control weaknesses as identified in the Head of Internal Audit Annual Opinion which was currently being investigated and actioned by the Corporate Management Team;
- To add a risk on continuing health care;
- To increase the Finance risk due to uncertainty around level of future central government funding and delays in delivering transformation savings. This mirrored the increase in risk in the Central directorates risk register;
- To increase the transformation risk due to pressure on transformation savings;
- To increase the business continuity risk firstly due to recent incidents that have highlighted weaknesses and gaps in out of hours IT support and the need for service areas to have a clearer understanding of systems and functionality and how to instigate business continuity processes in the event of an incident and secondly as a result of the findings of the review of business continuity across the authorities in the emergency planning shared service.

Comment was made that risk 12 of the Register - *Business Continuity Plans and procedures inadequate or not clearly communicated and understood* – should have a current rating of red, and not amber, if the unmitigated and current residual risk rating were both 4 x 4, and in light of the fact that the risk had increased over the last 3 years. Sally Hendrick agreed with this assessment and said the scoring would be revisited.

Sally advised the Committee that Risks do drop out of the Register and when that occurs they remain in view and continue to be monitored.

It was noted there was a new Risk to the Register – *Continuing Health Care*. A question arose from the Committee as to why the rating was amber when the rationale for the score described the potential for considerable financial impact to the Council. Sally Hendrick agreed this was confusing and said the Risk was very new and still being looked at and that an External Consultant was due to undertake a review of CHC. Stuart McKellar, Director of Finance, said the Risk had been discussed earlier in the day at CMT and from this it discussion at CMT the rating should be changed to red.

With regard to Risk 10 - *IT controls or staff vulnerabilities fail to prevent a cyber attack and/or unable to respond effectively to an attack to enable IT services to be sustained* – Sally Hendrick said that ICT had provided the description and risk scores. David St John Jones said the Risk Register must reflect what the current situation was and he sought assurance that ICT were responding to the Risk as a priority.

It was discussed that the Officers who did the scoring must understand there would be scrutiny applied to their rating and there was an expectation for them to explain how they arrived at their conclusions.

It was agreed that the Risk Owner for Risks 10 and 12, the Executive Director: Delivery would attend the September meeting to explain their findings.

10. **Internal Audit Annual Assurance Report 2018/19**

Sally Hendrick, Head of Audit and Risk Management presented the Internal Audit Annual Assurance Report 2018/19.

Sally Hendrick directed Members to her overall opinion in the Report concluding that Limited Assurance could be given that the framework of internal control, risk management and governance was adequate during 2018/19 as a whole.

The Report contained details of audits where a Limited Assurance/priority 1 recommendation had been given including one area of concern, debt management which had been highlighted as a concern across several audits in addition to the Council wide audit of debt management.

Concern was raised in respect of Creditors System where Limited Assurance had been given for the past four years. Stuart McKellar said this was largely due to a glitch in the Agresso system. A senior consultant, who happens to be an expert in Agresso, has been covering long-term sickness in the department, and if any problems occur, he will be able to dig deep to find out what the issue is. Stuart McKellar added that the issues usually related to the workflow after authorisation.

The Chairman said as the Executive Director, Delivery was attending the next meeting, he would be able to update on the Delivery audits where a Limited Assurance had been given, some of which were repeats on previous years.

Discussion took place about audits being deferred due to a lack of resource within departments which was putting pressure on the delivery of the Annual Audit Plan. Sally said when faced with a request for deferring she had no option other than to assume the area remained at its previous assurance level. Stuart McKellar advised members that CMT had requested quarterly updates from Sally, focusing on Limited Assurances and to be notified of any requests for deferral and the rationale for them. The Chairman proposed that the report on deferrals given to CMT be brought to the September meeting for review by the Committee; the proposal was seconded by Councillor Peter Heydon and all other Members were in favour.

The People Directorate had the most Limited Assurances in 2018/19. Sally said she understood that, the Directorate needed time to address the audit findings. In some cases, they were also focusing on a wider review of some of their services rather than prioritising the specific issues which had been identified by the audits

With regard to absence management, one priority 1 recommendation had been raised in October 2018 in relation to uncertainty about the completeness of sickness recorded. The audit had focused on whether staff were disclosing that they were sick and whether managers were managing the sickness absence properly. Sally said that automated reports had been introduced that were sent to managers which showed the level of absence recorded within teams for managers to check completeness. However, HR & OD had committed to further automating the reports to provide for a facility whereby managers had to confirm they had spoken to team members in order to confirm that absence reporting was correct for the reporting period.

Councillor Michael Gbadebo asked whether the departments carrying out a wider review of their services were taking into account the issues which had already been identified. Sally said she assumed that was the case as it was incumbent on managers to respond to the Limited Assurance reports. Sally added that it had been conveyed to the Director for People that it would be made clear to Heads of Service and the Assistant Director the expectation as to what action they should take in response to Limited Assurance reports.

**RESOLVED:** That the Annual Report by the Head of Audit and Risk Management setting out the Head of Internal Audit's Opinion for 2018/19 be noted.

**CHAIRMAN**