

**GOVERNANCE & AUDIT COMMITTEE
20 SEPTEMBER 2023
7.30 - 8.49 PM**



Present:

Councillors O'Regan (Vice-Chair), Allen, Ejaz, Haffegge, Neil and Zahuruddin

Apologies for absence were received from:

Councillors Karim and Robertson

15. Declarations of Interest

There were no declarations of interest.

16. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on the 19 July 2023 be approved as a correct record, and signed by the Chairman.

17. Urgent Items of Business

There were no urgent items of business.

18. Annual Governance Statement

Sanjay Prashar, Borough Solicitor presented the Annual Governance Statement.

The Annual Governance Statement was a statutory document which the Local Authority was required to produce under accounts and audit regulations. The Statement included assessment of the Council's governance arrangements and how these operated over the last 12 months, assessing the structure, policy, culture and values of the organisation.

The report was based on the CIPFA principles of good governance. Members' attention was drawn to each principle in the report in turn, and Sanjay highlighted some particular areas for focus in each.

Members received the actions from last year's report which included the smooth transition with a new Head of Paid Service, which had gone well. Other areas of action were ongoing, including the dissolution of Downshire Homes Board, the SEND action plan, contracts management, recruitment and retention work and a review of whistleblowing policy were carried over into the next year's action plan. Members received the action plan for the current year.

It was noted that in light of the new administration, the Borough Solicitor and the Assistant Director: Democratic & Registration Services would be undertaking a review of the Council's Constitution later in the year which would be presented to Governance & Audit members before being signed off by Council.

The Council Plan was also being developed now for the remainder of this administration, and officers were planning how to make the budget setting process as effective as possible in light of new political balance this year.

In response to questions, the following points were noted:

- Members requested that the dates on the action plan be reviewed and amended if necessary. **(Action: Sanjay Prashar)**
- While an existing whistleblowing policy was in place for staff to use, a review of the existing policy was due. It was commented that the review would take into account officers' experience and practicalities rather than any change to legislation. The review process would include better promotion of the policy, as members agreed it was important that staff were aware of such a process being in place.
- It was noted that recruitment and retention was a challenge across the local government sector and was not unique to this Council. In Bracknell Forest, agency staff were used to provide cover in key areas, but this resulted in additional financial pressure. The Council's Employment Committee and associated Local Joint Committee would receive regular reports on issues around recruitment and retention.

It was **RESOLVED** that the draft Annual Governance Statement ("AGS") and Action plan appended to the report be approved.

19. **Interim Internal Audit Update**

Sally Hendrick, Head of Audit and Risk Management presented the Internal Audit Update.

Recruiting auditors remained a challenge for the team, and while apprentices were being trained in the team, it would take time until these officers were able to deliver full audits. Capacity issues within the team meant that progress had been delayed. A principal auditor post was being advertised. It was recognised that the salaries attached to local government audit roles were significantly below market rates, the struggle to recruit led to the use of costly agency staff.

Eight internal audits had been completed with two grants, and it was noted that this was below the usual number comparative to other years.

Members' attention was drawn to those audits with significant issues arising. The Council Tax and Business Rates audit had included major recommendation regarding the process for property inspections, reconciliations, and refund processes. The School Transport audit had identified concerns around procurement processes and complaint recording processes. An audit of iESE had identified areas of concern around decisions which had been taken around waivers. An audit in relation to one school had identified areas of significant weakness around business interests, purchasing processes and budget monitoring.

As there was no internal Counter Fraud team in Bracknell Forest, the Corporate Investigations team at Reading Borough Council were contracted by the Council. This year, the Corporate Investigations team had undertaken Blue Badge work which had investigated a fraudulent case which had been prosecuted by Bracknell Forest's legal team with a number of penalties arising.

In response to questions, the following points were noted:

- The nature of the complaints made about home to school transport were from parents to the service and could relate to minor issues.
- The main challenge for recruiting internal audit staff was finding candidates with the necessary skills and expertise, as very few auditors were in the job market.
- Bracknell Forest purchased some resource from the Wokingham Borough Council Internal Audit team, and the number of purchased days had increased from 100 to 150 this year. This arrangement had been ongoing for around 10 years and was working well with a good quality service, although the preference would be to recruit internal Bracknell Forest auditors.
- It was noted that the professional market was challenging in many sectors, and raising advertised salaries would not necessarily improve the situation.
- It was noted that the issues relating to the iESE audit related more to the procurement processes associated with their appointment than with the involvement of the previous Leader of this Council. Officers had found a lack of testing in the market when the Council appointed consultancy firms, and the contract waiver required to appoint iESE had not been followed the waivers process through the Council's Executive.
- The Business Change programme aimed to make the organisation as robust and resilient as possible, including assessing factors to make the Council more attractive to permanent employees.

Members noted the report.

20. **Strategic Risk Register**

Sally Hendrick presented the Strategic Risk Register.

The risk register had been in place for many years in the same format to capture the risks assessed by members of Corporate Management Team. The risk register captured work in progress, and was an ongoing document. Members were invited to offer their feedback on the risk register to the Council's Corporate Management Team.

The risk register was monitored by the Strategic Risk Management group as chaired by the Borough Treasurer, and would be reviewed by Corporate Management Team periodically.

It was clarified that the 'Targets' assigned to each risk showed the Council's risk appetite.

In response to questions, the following points were noted:

- Members were concerned that Risk 6: Climate Change seemed to focus on the risks of reputational damage if the climate change action plan was not delivered rather than on the risks of climate change itself. This feedback would be presented to Corporate Management Team, however it was suggested that the risk register could only consider the issues in the Council's control. Officers offered to review the wording of Risk 6.
- Members requested that the current actions section be reordered to reflect priority order. **(Action: Sally Hendrick)**
- The budget setting process for 2024/25 was underway at the moment, and there were lots of budget pressures ongoing. The report included detail on the rationale of risk tolerance scoring.
- The risk rating reflected the difference between the current position and the risk tolerance for each item.

- Each area of the risk register fed into other areas of the Council, for example the issues relating to Risk 2: Impact of pressure on local health system would be monitored through the various partnership boards between the Council and Health services. The Executive Director: People was involved in several Frimley Health boards, and health issues were also discussed at the Health and Wellbeing Board. Corporate Management Team maintained oversight of the risk register.
- Each directorate maintained its own separate risk register at operational level, which would include actions being taken to address specific risks.

Members noted the report and provided their feedback as above on the risk register to Corporate Management Team.

CHAIRMAN