

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 30 SEPTEMBER 2021

Present: Councillors Stevens (Chairman), Davies, Edwards, Emberson (via Microsoft Teams), Gittings, McElroy and McEwan;

In attendance Councillor Emberson was unable to attend in person, so attended and contributed remotely via Microsoft Teams, but did not vote on any of the items;

Apologies Councillor Robinson.

10. MINUTES

The Minutes of the meeting of 19 July 2021 were confirmed as a correct record and signed by the Chairman.

11. QUESTIONS

A question on the following matter was submitted, in accordance with Standing Order 36(2):

	Questioner	Subject	Answer
1.	Mr J Wellum	Openness and Transparency with Council Data	Cllr Stevens

(The full text of the question and reply was made available on the Reading Borough Council website).

12. INTERNAL AUDIT QUARTERLY UPDATE REPORT

Paul Harrington, Chief Auditor, submitted a report providing an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report in July 2021.

The report set out a summary of the audit reports in respect of: Budgetary Control 2020/21; Adult Social Care - Contract Management; Business Payments (Post Payment) Assurance; Housing Benefits; Corporate Governance Review; and Facilities Management Corporate Repairs. As the Chief Auditor had given 'limited assurance' to Facilities Management Corporate Repairs and Adult Social Care - Contract Management, the full internal audit reports for these two audits were appended to the report.

In relation to Facilities Management Corporate Repairs, the report stated that although a limited assurance opinion had been given, internal audit was satisfied that there was a good understanding of the improvements required to ensure both planned and responsive repairs were completed on a timely basis.

In relation to Adult Social Care - Contract Management, the report stated that there was a commitment to review and re-evaluate contract management procedures in Adult Social Care in order to ensure that contracts were appropriately managed and monitored.

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The report also listed the audits that were currently in progress and gave a summary of investigations work between April 2021 and September 2021.

Resolved: That the audit findings in relation to Facilities Management Corporate Repairs and Adult Social Care - Contract Management be noted, and the recommendations set out in the full audit reports be endorsed.

13. STRATEGIC RISK REGISTER

Paul Harrington, Chief Auditor, submitted a schedule updating the Committee on the Q2 status of the Council's 2021/22 Strategic Risk Register (SRR), in line with the requirements of the Council's Risk Management Strategy. The SRR was attached to the report at Appendix 1.

The report explained that the SRR had been developed to provide a focused and high level overview of strategic risks for staff, councillors and other stakeholders, and was supplemented by more detailed directorate, service and project risk registers. The primary aim of the SRR was to identify those key vulnerabilities that needed to be closely monitored. In many cases this would be because the risk was relatively new and, whilst being effectively managed, the associated control framework was yet to be fully defined and embedded.

The SRR highlighted ten risks, three of which 'Not achieving the budget savings, controlling costs and achieving income targets', 'Failure to adapt to the impacts of climate change and deliver zero carbon commitments with negative impacts for residents and businesses, and for Council services, infrastructure and reputation and 'Cyber-attack resulting in service disruption, data loss or damage, financial loss and/or reputational damage' were currently rated as 'red'.

Resolved: That the Council's Strategic Risk Register, as at September 2021, be noted.

14. ANNUAL GOVERNANCE STATEMENT 2020/21

Michael Graham, Assistant Director of Legal & Democratic Services, submitted a report setting out the updated action plan for the 2020/21 Annual Governance Statement (AGS), which was attached to the report at Appendix 1. The Council was required to prepare and publish an AGS each year as an accompaniment to the authority's financial statements. The Council was responsible for ensuring that its financial management was adequate and effective and that it had a sound system of internal control, which facilitated the effective exercise of the Council's functions, including arrangements for the management of risk. The AGS was a record of the overall effectiveness of governance arrangements within the Authority; it reflected the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrated how the key governance requirements had been met.

Assistant Directors and Executive Directors had completed Annual Assurance Statements in respect of governance and internal control arrangements for their respective areas. The improvements to governance arrangements and internal control, which had been identified, were set out in the AGS. Having undertaken this review,

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the Council was satisfied that suitable and appropriate governance arrangements were in place but identified further improvements that were set out in the conclusion of the AGS.

Resolved:

- (1) That the Annual Governance Statement for 2020/21 be approved;**
- (2) That the Assistant Director of Legal & Democratic Services be authorised to make minor amendments to the Statement, prior to signature by the Leader and Chief Executive.**

15. INFORMATION GOVERNANCE QUARTERLY UPDATE

Michael Graham, Assistant Director of Legal & Democratic Services, submitted a report outlining the action underway to improve the Council's policies, systems and processes for Information Governance following several limited assurance reports in this area.

The report provided an update on: recruitment to key posts in the Information Governance Team and the interim arrangements in place to cover the backlog of Subject Access Requests; the Central Management of FOI requests through the Customer Relations Team; data transparency; the work of the Information Governance (IG) Board; the development of the Information Management Strategy, which would be informed by the technical review which had been undertaken by Leicester City Council and had produced draft recommendations for the Council to consider prior to the Strategy being approved by Policy Committee; and training being undertaken by staff and councillors on Cyber security and Information Governance. It was noted that Cyber Security was a key strategic 'red' risk for the authority yet only 49% of staff had completed the mandatory training. The Committee requested further detailed information to be included in the next report to demonstrate progress in ensuring all staff and councillors had completed the training and to uncover if there were any pockets of resistance to complying with this mandatory requirement.

Resolved:

- (1) That the progress being made to improve the Council's Information Governance be noted;**
- (2) That compliance with the mandatory requirement to complete the Cyber Security training, especially as it was a key strategic 'red' risk for the authority, be kept under review and progress be reported back to the Committee.**

16. FINANCIAL ACCOUNTS UPDATE

Darren Carter, Director of Finance, reported that the Council's Final Accounts for 2018/19 had formally been completed on 29 September 2021 and had been published on the website. The final checks on the 2019/20 Accounts were being undertaken and once completed would be passed over to the external auditors EY for review. There was also good progress being made on the parallel work being undertaken to prepare

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the Accounts for 2020/21. At this stage, the focus was on quality assurance assessment prior to handing over the Accounts to EY. It was anticipated that this would reduce ongoing risk to the Authority and assist aligning publication of the Statement of Accounts to the proper timetable in future years.

Resolved:

- (1) That the publication of the Final Accounts for 2018/19 be noted and the Finance Service and external auditors be thanked and congratulated for the work that they had done to achieve this outcome;
- (2) That the good progress being made to close the Accounts for 2019/20 and 2020/21 be noted.

17. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER

Jackie Yates, Deputy Chief Executive, presented a report setting out, at Appendix 1, the Implementation of Audit Recommendations tracker report.

The report explained that each recommendation was marked with a percentage complete which correlated to a red/amber/green rating (up to 25% complete: red, between 26% and 75%: amber, over 75% complete: green). Any recommendations that were less than 50% complete but had exceeded their agreed completion date were also marked red.

The Chief Internal Auditor had undertaken a detailed review of activity and recommendations, which had led to identifying that a significant number of tracker recommendations had been completed and therefore could be removed. As a result, the tracker report at Appendix 1 now only had 66 high and medium risk recommendations from Internal Audit, of which 14 (21%) were currently green, 34 (52%) were amber and 9 (14%) were red. Nine recommendations had now been completed and would be removed from the next report.

Resolved: That the high and medium risk Internal Audit recommendations and the responses to those risks be noted as set out in Appendix 1 to the report.

18. IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE

Chris Tidswell, CIPFA, presented a report providing an update on progress of the Finance Improvement Programme (FIP) against the plan for each workstream and their deliverables. The report explained that the FIP had two key phases: Phase I was responding to the historic and current issues identified to ensure a sound foundation and 'getting the basics' right. The second phase would concentrate on embedding Phase I delivery and developing the financial management culture and governance framework across the Council. The report stated that progress against the Phase I plan since the last Committee had continued with the transformation deliverables

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completed and just four remaining areas to be concluded from the Accounts Receivable workstream.

The financial system implementation stage had commenced and as the Phase I workstreams were coming to conclusion, the Board was undertaking a review of its composition and terms of reference to ensure they were aligned with delivering Phase II of the transformation programme, which encompassed implementation of the new finance system.

The audit tracker recommendations (see Minute 17 above) continued to be included within individual workstream deliverables where appropriate and were managed as part of the overall Plan. There were 7 (previously 34) recommendations within the tracker covered by the Finance Improvement Programme, none of which were now 'Red' rated.

Resolved: That the progress being made to implement the Finance Improvement Programme be noted.

19. EXTERNAL AUDITOR UPDATE

Maria Grindley and Adrian Balmer, EY, provided a brief update from the external auditors' perspective on the position in relation to the closure of the Final Accounts for 2018/19 and progress with the completion of the Council's Final Accounts for 2019/20 and 2020/21.

Resolved: That the position be noted.

(The meeting commenced at 6.30pm and closed at 8.21pm).