

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 9 APRIL 2025

Present: Councillor Williams (Chair);
Councillors Asare, Dennis, Gittings, McGoldrick (Vice-Chair),
Mitchell, Moore and Stevens

32. MINUTES OF THE PREVIOUS MEETING HELD ON 21 JANUARY 2025

The Minutes of the meeting held on 21 January 2025 were confirmed as a correct record and signed by the Chair.

Further to Minute 24 (2) of the previous meeting and the recommendations of the Audit Report regarding employee gifts, hospitality and declarations of interest, it was reported that the Assistant Director for Legal and Democratic Services would be considering applying a more rigorous approach to registering declarations of interests and gifts & hospitality, and whether the process should include monitoring by the Audit & Governance Committee to ensure records were complete, and would bring a report back to a future meeting.

Resolved:

That it be noted that the Assistant Director for Legal and Democratic Services would be considering applying a more rigorous approach to registering declarations of interests and gifts & hospitality, and whether the process should include monitoring by the Audit & Governance Committee to ensure records were complete, and would bring a report back to a future meeting.

33. EXTERNAL AUDITOR UPDATE

The Committee received a covering report on behalf of the Council's External Auditor, KPMG, which had attached the final version of KPMG's ISA 260 report for 2023/24. Edward Mills from KPMG presented the ISA 260 year-end report and provided an update on the current process for 2024/25.

The ISA 260 report highlighted matters that were significant to the responsibility of those charged with oversight of the financial reporting process and other matters that came to the external auditor's attention during their audit work that might be of interest, and for no other purpose.

Resolved:

- (1) That KPMG's final 2023/24 ISA 260 year-end report be noted;**
- (2) That the progress made on the audit of the accounts for 2024/25 be noted.**

34. INTERNAL AUDIT QUARTERLY PROGRESS REPORT

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The Committee considered a report providing an update on the key findings emanating from the Internal Audit reports issued for the period 1 January to 31 March 2025 (Quarter 4).

The report summarised the findings, recommendations and management actions that had been put forward for each audit review and stated the overall assurance opinion level given by the Internal Audit team. A total of four audit reviews had been finalised in the period, as follows:

- Members' Allowances and Expenses (Substantial Assurance opinion given);
- The Eligibility, Risk and Review Group 'follow up' review (Reasonable Assurance opinion given);
- Continuing Health Care 'follow up' review (Reasonable Assurance opinion given);
- Supported Living (Limited Assurance opinion given);

In relation to Supported Living, the audit had found that more work was required within the tendering process, and with financial controls between the service and finance team relating to the placements process. Likewise, governance arrangements had been found lacking where providers outside of the framework were being used. The review process for service users was more robust, and most contracts were commissioned from the framework.

The report also detailed the audits that were currently in progress and gave a summary of the Corporate Investigations Team's work.

The Chief Auditor gave a brief verbal update on the status of the Audit Tracker at the meeting, a further report on which would be brought to the next meeting.

Resolved: That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations 2024/25 Quarter 4 Update Report, be endorsed.

35. INTERNAL AUDIT PLAN 2025/2026

The Committee considered a report setting out the work Internal Audit was planning to undertake during the financial year 2025/2026. The report explained that internal audit was responsible for providing an annual formal opinion on the Council's control environment. The Audit Plan, which was attached at Appendix 1 to the report, would allow for the effective discharge of this responsibility. In accordance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards (PSIAS), the Committee was asked to approve and monitor progress against the internal Audit Plan. The report also had attached at Appendix 2 the Internal Audit Charter which set out the purpose, authority, responsibility and scope of internal audit. The PSIAS intended to ensure sound corporate governance and set out roles and responsibilities for internal audit services. The PSIAS required an Internal Audit Charter to be in place, which must be reviewed periodically and presented to the Committee for approval.

Resolved: That the Audit Plan and Internal Audit Charter for the period April 2025 to March 2026, be approved, as attached to the report at Appendices 1 and 2 respectively.

36. INFORMATION GOVERNANCE QUARTERLY UPDATE

The Committee considered a report outlining the action under way 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: the action being taken to address the backlog of Subject Access Requests; the on-time responses to FOI requests, which stood at 90.3% in Quarter 3, a significant improvement from the 45.7% recorded in Quarter 2 of 2024/25; the Data Transparency pages for Contracts information review, which was considering changes to reflect the new requirements under the new Procurement Act; the work of the Information Governance (IG) Board; the Information Management Strategy, which set out the Council's approach to information management and governance; and uptake of the compulsory Cyber Security and GDPR training for all staff and Members, which now stood at 95.6% and 96% compliance respectively with IG Team carrying out bespoke training for colleagues without access to IT systems.

The report stated that, in respect of the FOI responses, the data reported would be based on the number of responses sent out within the timescale against the total number responded to within the reporting period. It was not a direct comparison against the number received but from Q3 onwards this would be how the data would be presented. There was further information on the performance of BFfC in responding to FOIs in a separate report, following a request at the previous meeting (see Minute 37 below).

The report stated that the current focus would be on continuing the work with the two groups of Data Stewards and use of the redactions software to start clearing the Subject Access Request backlog.

Resolved: That the progress being made to improve the Council's Information Governance be noted, thanks be recorded to the officers involved in getting the FOI responses over 90%, and the future actions outlined in the report be endorsed.

37. BRIGHTER FUTURES FOR CHILDREN FOI PERFORMANCE

Further to Minute 31 of the meeting held on 21 January 2025, the Committee received a report on the measures put in place to improve the timeliness of completion of responses to FOI requests by Brighter Futures for Children (BFfC). The report stated that there had been challenges in the changeover to the new Arcus system for managing FOI requests, which had adversely impacted response times, particularly in Quarter 2. There had also been other contributing factors to the slow response times set out in the report. These factors were being addressed by increasing oversight of the process by the Director of Education and the appointment of a Head of Performance in BFfC who would triage and have oversight of all new FOI requests. The measures that had been taken were already

paying dividends with the on-time response rate in Quarter 3 rising to 80%, compared with the disappointingly low figure of 38.1% in Quarter 2. Indications were also positive in the latest figures for Quarter 4 with 91.9% of responses being recorded within the permissible time limit as at 20 March 2025.

The report stated that weekly reminders were now sent to all managers on overdue and upcoming FOI requests with oversight at Head of Service and Senior Leadership Team Meetings. All Heads of Services attended Data Stewards meetings to track FOIs and assess any barriers to timely completion. Regular reminders had been incorporated into managers' briefings to emphasise the importance of FOIs and the risks of non-compliance, including encouragement to attend RBC drop-in sessions. Additionally, there had been clear targets and training/support needs identified in Annual Performance Reviews and one to one meetings for all staff required to handle FOIs to maintain BfC's improved performance in this area.

Resolved: That the measures put in place by Brighter Futures for Children to improve the timeliness of completion of responses to FOI requests be noted and endorsed.

38. TRAFFIC REGULATION ORDERS - UPDATE

The Committee received a report that provided an update on progress and decision making in respect of the Traffic Regulation Orders (TRO) rectification process. The report explained that at Council on 15 October 2024 a summary of issues that related to certain TROs had been reported which meant that there were restrictions on the Highway that could not be enforced. A rectification process had been agreed (Minutes 19 and 20 refer) that involved advertising new, permanent TROs to address the issues that had been identified. As part of the Council reports, an Action Plan had been agreed, giving the Audit & Governance Committee delegated authority to receive reports about the implementation of the Plan and to monitor its effectiveness. The Council had also delegated authority to the Audit & Governance Committee to decide when to close the Restitution Scheme, which was not being recommended at this time for the reasons explained in the report. The original Action Plan and an updated Action Plan showing progress with the current RAG status were attached to the report at Appendices 1 and 2 respectively, and the report gave details of metrics around the claims received through the Restitution Scheme, the total number of which was lower than originally anticipated.

In line with the Action Plan, in November 2024 the Council had commissioned a review of structures, processes and working practices across those teams involved in the preparation and execution of Traffic Regulation Orders. The Association for Public Service Excellence (APSE) had been appointed to carry out the review and spent December 2024 reviewing relevant material, interviewing key staff and understanding current processes and had reported back to officers in January 2025, making recommendations to make governance, teams and processes robust for the future. A copy of the APSE review report was attached at Appendix 3 to the report along with a management response to the recommendations at Appendix 4.

Additionally, a detailed review of the restrictions and measurements to be included in the new draft TROs had been completed, considering the issues identified in the October 2024

report to Council. A thorough review of each of the TRO Articles had been completed and a commentary on their status was included at paragraph 3.13 of the report. Enforcement was restarting after the making of each TRO and a two-week period of warning notices were being issued, as applicable. As part of the rectification scheme, officers were also identifying areas where signing and lining relating to the restrictions required improvement. These works would be undertaken following statutory consultation, subject to a decision to make the TRO and before enforcement activity commenced. It was reported at the meeting that, due to some delays on finalising the wording for TROs 4 and 7 since the report had been written, it was now anticipated that these TROs would be made in May 2025 rather than April 2025 as stated in the report.

The report provided an update on a new 'Digital TRO' project which had been initiated. This project sought to implement a map-based TRO management system that would not only improve the availability, ease of reference and consistency of Highway TROs, but would provide a significant risk mitigation against future TRO inaccuracies. The starting point for this new system was expected to be the creation of three themed Boroughwide TROs, covering all waiting restrictions, moving traffic restrictions and speed limits respectively, with comprehensive overarching TRO Articles applying to each. This was a substantial project, which would take around 18 months to introduce.

The report stated that the Council had many existing ways in which staff could speak up if they were aware of errors, poor practice or improvements that could be made, but recognised more could be done to publicise these channels. A 'Speaking Up' campaign had been launched providing greater information about the channels through which concerns could be raised. The campaign fully addressed the relevant recommendations recently set out by the Chair of the Committee on Standards in Public Life in the report 'Recognising and Responding to Early Warning Signs in Public Sector Bodies' which was designed to support public leaders to reflect on how they could equip staff to identify and resolve problems or issues that might get in the way of delivering the core purpose of an organisation.

It was noted that the APSE report raised issues about the work and remit of the Traffic Management Sub-Committee and the management response did not currently address these recommendations. Members of the Committee stated that they thought that the Sub-Committee's consideration of local issues was appropriate and noted that it had been established that the TRO issues were not due to anything that the Sub-Committee could have prevented.

Resolved:

- (1) That the progress made by officers to address the issues reported to Council on 15 October 2024 and the ongoing actions be noted and thanks be recorded to the officers involved;**
- (2) That the Executive Director of Economic Growth and Neighbourhood Services update the management response to the APSE report to address the recommendations regarding the Traffic Management Sub-Committee;**

- (3) **That, at its next meeting, the Committee consider setting a deadline for closing the formal Restitution Scheme and the Committee's monitoring of the Action Plan.**

39. CIPFA FINANCIAL MANAGEMENT CODE 2024/25

The Committee received a report on the Financial Management Code 2019 (FM Code) (Appendix 1), which had been introduced by the Chartered Institute of Public Finance & Accountancy (CIPFA). The Code set out the standards of financial management for local authorities. Local authorities had been expected to comply fully with the FM Code from 1 April 2021. The Guidance to the Code expected Authorities to be able to provide evidence that they had reviewed their financial management arrangements against the standards and that they had taken such action as might be necessary to comply with them. Effectively, an annual self-assessment exercise had been required to assess compliance with the FM Code from 1 April 2021.

The 2024/25 self-assessment had identified significant progress in the following key areas:

- i) The external audit of the 2020/21 Statement of Accounts had given an unqualified opinion, reinforcing the improvements seen in the 2019/20 Statement of Accounts which were also unqualified. In addition, the external audit processes for 2021/22, 2022/23 and 2023/24 had all now been completed in line with the published audit "backstop" deadlines, albeit with "disclaimed" opinions. The Council had therefore effectively caught up in respect of its prior years' Statement of Accounts processes.
- ii) Although the 2023/24 Statement of Accounts had received a disclaimed opinion, the external auditors had concluded that there were no significant weaknesses in arrangements to improving economy, efficiency and effectiveness for 2023/24; the 2022/23 conclusion had been that there was a significant weakness in this regard in relation to Children's Services.

The report stated that this year's self-assessment had identified that one standard (C - The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control) had gone from a previous rating of 'Green' to 'Amber'. All other standards remained as per the 2023/24 assessment. A proposed action plan, setting out the required actions to improve those standards rated 'Amber' to 'Green' was set out in Appendix 1.

A total of 11 standards (65%) had been RAG rated as Green with the remaining 6 (35%) as Amber. The results of the self-assessment indicated an overall rating of Amber.

Resolved: That the findings of the 2024/25 Financial Management Code Self-Assessment be noted.

40. TREASURY MANAGEMENT REVIEW QUARTER 3 2024/25

The Committee received a report on the activity of the Treasury Management function during the second quarter of the year for the period 1 October 2024 to 31 December 2024. The report stated that the CIPFA Code of Practice for Treasury Management 2021

recommended that the Committee should be updated on treasury management activities at least quarterly. The Committee was advised that there had been full compliance during this period with the Treasury Management Strategy Statement (TMSS), as agreed by Council on 27 February 2024.

The report had attached the MUFG Corporate Markets Economics Update; Borrowing and Investment Portfolios; and the list of approved countries for investments.

Resolved: That the Treasury Management Review Quarter 3 report for 2024/25 be noted.

41. HOUSING BENEFIT & COUNCIL TAX SUPPORT SCHEME - RISK BASED VERIFICATION POLICY

The Committee received a report stating that the Council intended to continue to use its Risk Based Verification (RBV) process in 2025/26 following the annual review of the Policy and that it was considered good practice for the Policy to be examined by the Audit and Governance Committee. The process had been introduced by the Council in June 2010 following a recommendation by the Department of Works and Pension. The process enabled processing of claims for Housing Benefit payments and Council Tax Support awards to be streamlined, thereby enabling customers to receive payments sooner. The approach also helped to mitigate risk and fraud entering the system. The Council's risk-based verification policy principles had remained unchanged from the previous year. The Risk-Based Verification Policy 2025/26 was appended to the report along with the previous year's Policy, but neither had been published because they contained exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Members of the Committee asked questions about whether there were proportionally more instances of fraud in the high risk category than in the low risk and what the savings made by the automated process were, in comparison to the cost of the software, and the Revenues and Benefits Manager said that she would need to look at the data to find the answers. The Chair also stated that he had a number of detailed questions about how the algorithm worked, which he would send in an email.

Resolved:

- (1) That the continued use of a Risk Based Verification approach to evidence supporting claims for Housing Benefit and Council Tax support in 2025/26 be noted;**
- (2) That the Risk-Based Verification Policy 2025/26, as attached at Appendix 1, be noted;**
- (3) That the Risk-Based Verification Policy 2024/25, as appended at Appendix 2, and that the policy had been effective for the period since initial implementation, be noted;**

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- (4) That the Revenues and Benefits Manager research the answers to the questions asked at the meeting and to be sent by the Chair, and the answers be circulated to members of the Committee.

(The meeting commenced at 6.30pm and closed at 7.53 pm)