

Agenda Item 53.

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON 6 NOVEMBER 2019 FROM 7.00 PM TO 8.20 PM

Committee Members Present

Councillors: Chris Smith (Chairman), Dianne King (Vice-Chairman), Rachel Burgess, Maria Gee, Angus Ross, Daniel Sargeant and Imogen Shepherd-DuBey

Also Present

Simon Broad, Assistant Director Adult Social Care

Andrew Moulton, Assistant Director Governance

Madeleine Shopland, Democratic & Electoral Services Specialist

Bob Watson, Head of Finance

43. APOLOGIES

There were no apologies for absence received.

44. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 25 September 2019 were confirmed as a correct record and signed by the Chairman subject to the following amendments.

With regards to the corporate risk register, Councillor Gee commented that she had asked a question about the repayment of loans and the repayment schedule.

Councillor Gee commented that it been suggested that future annual complaints and compliments reports follow a different format and that more general information be included in a summary, followed by information relating to the specific areas.

At the last meeting, Councillor Gee commented that she noted the difference in the pension fund account and that it would have a 1.8-1.9% decrease in the value of assets. She had questioned what the monetary value would be of the reduction in value of the assets and also asked where the impact would be seen on the Council's accounts. She requested that a written answer be provided to these questions.

45. DECLARATION OF INTEREST

Councillor Chris Smith declared a Personal interest regarding item 48 Update on Financial Statements 2018/19 on the grounds that his employer had been engaged by the management of the Council's pension scheme to value one of their assets, a share of which appeared in the Council's accounts.

Councillor Smith left the meeting during the consideration of this item.

46. PUBLIC QUESTION TIME

There were no Public questions.

47. MEMBER QUESTION TIME

There were no Member questions.

48. STATEMENT BY CHAIRMAN OF THE AUDIT COMMITTEE

The Chairman of the Audit Committee gave the following speech.

As previously noted my employer has been engaged by the management of our pension scheme to value one of their assets, a share of which appears in our accounts.

Due to this, I consulted both internally within the Council and with my employer's Risk Management and Independence functions to identify and manage any issues arising from my Chairmanship of the Audit Committee.

While within the Council no threat was identified provided I disclosed the potential issue, my employer had a different view.

The Financial Reporting Council's Ethical Standard issues in June 2016 identifies 6 threats to Integrity, Objectivity and Independence. The most pertinent of these 6 threats are self-review and interest:

A self-review threat is when a firm or employee may be in a position where they are reviewing the results of work previously performed by themselves or elsewhere within the firm.

A self-interest threat is when any persons, has financial or other interests which might cause, or perceive to cause, persons to be reluctant to take actions in connection with the engagement that would be adverse to such interests of the firm or any such person.

It was agreed that no breach of independence had occurred so far in the preparation and approval of the annual accounts. However, it was noted that I would have to sign off the accounts and the annual representation letter and that a key task of the Chairman is to manage the annual accounts process. As such, there is both the potential for a perception of a breach occurring and actual potential for a future breach. To manage these threats, both actual and perceived, it was agreed that I would take the following actions:

- A. Recluse myself from any further discussions of the annual accounts and any discussions directly or indirectly related to the pensions balances.
- B. Resign as Chairman of the Audit Committee for the duration of the municipal year.

It is vital that the approval of the annual accounts of the Council is above reproach both in perception and actuality and actions such as I have taken tonight are designed to strengthen this.

I have found the last two years to be both a personal and professional challenge and one which I have immensely enjoyed and I would like to extend my thanks to Andrew, Bob, Madeleine and all others for their support.

I would also like to thank committee members over the last two years for their support and assistance in holding ourselves as a Council to account.

As a reminder, no breach has so far occurred and the actions taken are designed to eliminate any future risks, but the public trusts accountants and politicians to do the right thing and proactively manage risks such as those that have arisen and that is why I have taken these actions.

49. CORPORATE RISK REGISTER

The Committee considered the Corporate Risk Register.

During the discussion of this item, the following points were made:

- Since the last report to the Committee on 25 September 2019, an additional risk had been added on Climate Emergency.
- Councillor Burgess asked what ideas had come out of the climate emergency action plan and in particular, what ideas were there for big changes in the Borough. The Assistant Director Governance referred to staff workshops and brainstorming sessions.
- Risk 11 around Brexit, had been updated.
- With regards to Risk 3 about Workforce, the Assistant Director Governance informed Member that the Employee Engagement Survey had been launched and was due to run until 11 November. In response to a question from Councillor Burgess, he indicated that this survey was likely to be run every 2 years in future. Personnel Board would receive an overview of the results whilst the Overview and Scrutiny Management Committee considered key performance indicators around performance.
- Councillor Gee referred to the Risk regarding Corporate Governance and questioned whether consideration had been given to the risk of councillors, particularly female councillors, suffering abuse through different media platforms. The Assistant Director Governance commented that this was a national issue and had not specifically been brought to his attention as a local issue. However, he would take this matter away for further consideration. Councillor Smith questioned whether guidance could be sought from the Local Government Association and whether an anonymised survey could be produced.
- Simon Broad, Assistant Director Adult Social Care Sarah, highlighted some of the risks in adult social care.
- The Assistant Director Adult Social Care emphasised that ensuring that arrangements to safeguard vulnerable adults were reviewed regularly, was vital. Vulnerable people slipping through the net was a concern and it was therefore important that checks and controls were robust.
- Councillor Burgess commented that the current score for the safeguarding risk (Risk 7 – Risk of avoidable serious harm or death of a vulnerable adult for whom the Council has a responsibility) was Very High whilst the appetite/target was Low. She asked when the Committee would see a reduction in the current score. The Assistant Director commented that this would always be a high risk as it was impossible to predict all who would abuse. Councillor Smith stated that the appetite/target reflected the Council's desire that abuse of vulnerable adults never took place.
- With regards to Risk 7, Councillor Gee stated it could be clarified that the Council would aim to reduce 'avoidable serious harm' to vulnerable adults. The Assistant Director Governance agreed to update the risk register to reflect this.
- Councillor Ross asked what was meant by 'vulnerable adults for whom the Council has a responsibility.' The Assistant Director Adult Social Care clarified that it related to vulnerable adults for whom the Council commissioned care for.
- Councillor Ross referred to reciprocal information sharing relationship between the Council and partners such as the Fire Authority.
- The Assistant Director Adult Social Care also discussed Risk 12, which related to the sustainability of the Adult Social Care provider market.

- Councillor Gee asked about the risk to the Council of its Council owned companies such as Optalis, not being able to deliver what it was intended to. She referred to the transfer of some of the adult social care service functions from Optalis, back to the Council, and the risk of disruption that this process may cause. Councillor Smith proposed that the Council's local authority trading companies and the risks around them could be added to the forward programme. Councillor Sargeant suggested that this issue formed part of Risk 1 – Budgeting and Financial Management (including forecasting demand and investment and commercial strategy).
- Councillor Shepherd-Dubey asked a question regarding the monitoring of a provider of a care home within her Ward. The Assistant Director Adult Social Care agreed to look into the matter.

RESOLVED: That the report be noted.

50. INTERNAL AUDIT AND INVESTIGATION Q2 PROGRESS REPORT 2019/20

The Committee considered the Internal Audit and Investigation Q2 Progress Report 2019/20.

During the discussion of this item, the following points were made:

- The Assistant Director Governance drew Members' attention to those audits which had received the audit opinion of 3.
- The equalities audit had been recently completed in draft and had received an audit opinion of 3. The actions coming out of this audit were under consideration. The Assistant Director Governance indicated that an update would be provided at the Committee's February meeting and it was likely that an improvement would be seen.
- With regards to the Corporate Governance audit, it was clarified that the audit opinion for the final report was now 2.
- Follow up work was being undertaken on the Public Health audit. An update would be provided at the Committee's February meeting.
- It was clarified that BSOG and LTP grants related to the Bus Services Operator Grant and the Local Transport Plan.
- The debtor and housing rents continued to be monitored. Members asked for information about the level of outstanding housing rents debt, the original levels of debt and how this had been reduced.
- Councillor Burgess commented that number of draft and final audits which had received the audit opinion of 3 seemed high. She requested that the Committee receive additional information, such as the recommendations, for audits which received the audit opinion of 3. The Assistant Director Governance indicated that the quarterly progress report could include a summary of recommendations for those audits.
- Members requested Internal Audit audit CIL, including what was due or had been paid. Councillor Shepherd-Dubey asked that this audit include how CIL was calculated and issued to the Town and Parish Councils.
- The Committee would be considering the annual Internal Audit Plan at its next meeting. Members were asked to consider if there were any other areas, which they felt should be audited.
- Councillor Burgess asked if Members had a role in the corporate investigations process. The Assistant Director Governance referred to the Whistleblowing Policy

which could be found online. The Investigations Team carried out investigations but Members could be informed of any trends and patterns should they be identified.

RESOLVED: That the 2019/20 Internal Audit and Investigation Q2 Progress Report be noted.

51. FORWARD PROGRAMME 2019-2020

The Committee considered the forward programme for the remainder of the municipal year.

During the discussion of this item, the following points were made:

- It was agreed that Members would be sent possible dates for an extraordinary meeting to consider the statement of accounts and other items.
- An update on compliments and complaints would be provided at the February meeting.

RESOLVED: That the forward programme be noted.

52. UPDATE ON FINANCIAL STATEMENTS 2018/19

Councillor Smith declared a Personal Interest and left the meeting during the discussion of this item. Councillor King assumed the Chair for this item.

The Head of Finance updated the Committee on the financial statements 2018/19.

During the discussion of this item, the following points were made:

- The Head of Finance referred to the audit valuation and report on the two outstanding items. Further information would be provided to the Council once it had been considered by the Royal Borough of Windsor and Maidenhead Council Overview and Scrutiny Committee. Officers could then assess what the impact would be on the Council's accounts. Members were informed that an adjustment may need to be made for the McCloud judgement.
- Ernst and Young would then audit the relevant part of the accounts. An unqualified opinion had given on the other part of the accounts.
- In response to a question from Councillor Burgess, the Head of Finance confirmed that there would not be reputational damage as the situation was outside of the Council's control. All other Berkshire local authorities would be also effected.
- Councillor Sargeant asked if the Committee could be briefed on the situation once it had been resolved.

RESOLVED: That the update on financial statements 2018/19 be noted.

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