

GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON 27 NOVEMBER 2007

Councillors: Jeff Beck (*Chairman*) (P), Paul Bryant (AP), Tony Linden (AP), Irene Neill (P), Julian Swift-Hook (P), Tony Vickers (*Vice Chairman*) (P) and Quentin Webb (P).

Substitutes:

Officers present: Andy Walker (Head of Finance), Robert O'Reilly (Head of Human Resources), Ian Priestley (Assurance Manager), Julie Gillhespey (Group Auditor) and Vicky Wheatley (Policy and Research Officer).

PART I

29. APOLOGIES.

Apologies for inability to attend the meeting were received on behalf of Councillors Tony Linden and Paul Bryant.

30. MINUTES.

The Minutes of the meeting held on 26 September 2007 were approved as a true and correct record and signed by the Chairman.

31. DECLARATIONS OF INTEREST.

There were no declarations of interest received.

32. DELEGATION OF AUTHORITY TO FUND A REDUNDANCY PAYMENT OF UP TO £10,000.

The Committee received a report recommending the delegation of authority to the Chief Executive to fund a redundancy payment of up to £10,000 (agenda item 4). The Head of Human Resources reported that:

- Should the proposals be approved, changes to the Constitution would be required,
- Under the current Constitution, any organisational change resulting in a redundancy (including the ending of fixed term contracts) required Executive approval to fund the redundancy payment,
- The Personnel Committee had agreed a policy setting out how funding for Officer's redundancy payments would be calculated,
- There was a need to have a threshold to trigger Executive involvement, and it was felt this should be £10,000 or above,
- The Council had very few redundancies and it was not expected the delegation would be used often. Only Officers who had been employed for over 2 years were eligible for redundancy pay,
- If approved, the Chief Executive would make a decision in consultation with the Leader, Head of Human Resources and Head of Finance in a matter of days. Currently, the decision could take up to six weeks to go through the Executive cycle for relatively small sums of money,
- Posts that were funded from Capital budgets did factor in any potential redundancy packages for Officers. If Officers were funded through Revenue budgets, redundancies were not always planned and accounted for,

- A recent employee had to wait 6 weeks to receive their redundancy payment after they had left the Council, and it was hoped these changes would help limit such delays,
- The Unions had not raised any concern regarding the proposal.

Members felt that Unison should be consulted during a redundancy. The Head of Human Resources assured the Committee that Unison were always consulted and would be in future, as the law required it.

Members felt that it was appropriate that the Chief Executive and Head of Service dealt with such issues and the threshold amount of £10,000 was acceptable.

Resolved that the Committee approve the delegation of authority and refer the report to full Council for approval.

33. INTERIM REPORT – INTERNAL AUDIT.

The Committee considered a report on the findings of Internal Audit for the six months to 30 September 2007 (agenda item 5). The Assurance Manager reported that:

- The work carried out by Internal Audit in the previous six months was set out in the report, together with any on-going work,
- Internal Audit had 8 Officers, and currently had 2 vacancies filled by temporary staff. This, together with the Financial Standards for Schools work, was having an impact on the delivery of the Audit Plan,
- The summary of completed audits and opinions was provided at Appendix A (page 11 of the agenda),
- There was a comprehensive process for deciding what areas were included in the Audit Plan. Audit Officers consulted Heads of Service, Portfolio Members, Management Board and finally the Governance and Audit Committee (generally in March each year),
- Almost all completed audits had action plans produced as part of the Audit,
- Internal Audit practices were guided by CIPFA (national guidance) and professional standards.

The Head of Finance provided further information on the red opinions detailed on page 12 of the agenda.

- The fixed asset register – Finance had agreed with the Property Service a process to reconcile both of the databases and a programme of evaluations on set timeframe (tied in with the statement of accounts). A method of creating an inter-face between the two databases, was subject to the provision of resources and funding. The opinion was expected to be Amber by the end of January 2008, and would only be changed to green if the two databases were interfaced,
- VFM Libraries – work on this audit was linked to the Council Plan and how VFM was measured across the organisation. A position was due by the end of the financial year.

The Chairman questioned whether the Highways and Transport Audit – Transport, Management Investigation, opinion had been received. The Assurance Manager reported that such information could only be issued under a confidential agenda item. Members requested that a report on the audit be brought to the next meeting of the Committee.

Members questioned whether the Audit Team expected to not undertake or re-prioritise any audits from the plan due to lack of resources. The Assurance Manager

reported that he would be able to bring this information back to a future meeting of the Committee.

Members questioned whether there should be more of an interface between Internal Audit and Scrutiny, and any problems witnessed in Internal Audit should be referred to Scrutiny for further investigation.

Resolved that

1. The Committee note and approve the report,
2. The Committee receive a report on the audit of Transport – Management Investigation, at their next meeting,
3. An agenda item on suggestions for the Audit Plan be discussed at the next meeting of the Committee,
4. Details on on-going Audits be brought to the Committee in future, and in the interim details be circulated to Committee Members prior to the next meeting.

34. STATEMENT OF INTERNAL CONTROL: STRATEGIC RISK REGISTER 2007 – 2008.

The Committee considered the Strategic Risk Register for 2007 - 2008 (agenda item 6). The Assurance Manager reported that:

- It was a continuous process to update the Risk Register,
- Corporate Board were responsible for the Register and the items and scores contained in it. The Register was also considered by Management Board,
- Terrorist Action (1.4) - The Council had no insurance cover for any terrorist action, as the likelihood of being attacked by terrorist was very low. If the Council was attacked, it would be responsible for all costs. It was estimated the costs of insuring the Council against terrorist action would be around £30,000 (with an excess of around £250,000). The insurance would cover against the loss of Council property,
- Arrangements for the transfer of data between Internal Audit and the National Fraud Office were being reviewed in light of the recent security issue in the national media,
- A Risk Appetite was due to be produced that would support the Risk Register. The Appetite would be considered by the Committee at a future meeting,
- Each Service in the Council had its own Risk Register.

The Committee felt that there were some risks that the Council had little control over and would therefore be unable to mitigate or plan for. However, the Council should be aware of the risk, and should seek to prepare where appropriate.

The Committee suggested that the Council investigate insurance for terrorist acts, to include whether raising the excess further would result in a lower quote, and further detail about what the insurance would cover.

There was some concern with the number of red and amber indicators for the ability to deliver and manage major projects.

Resolved that

1. The Committee note the report,
2. The Risk Manager provide further information to the Committee on what insurance for terrorist attacks would cover and what the risk of a terrorist act in West Berkshire was,

3. At a future meeting of the Committee, Members consider one risk (7.4 – Under achievement of Children’s Trust) in detail as an example of how risks are dealt with at the Council. It would also help Members to understand the difference between Internal Audit and Scrutiny,
4. At a future meeting the Committee consider a Council Service’s Risk Register (*See minute 35.2 below*).

35. RISK MANAGEMENT QUARTERLY REPORT

The Committee considered the Risk Management Quarterly Report for quarter 2 (agenda item 7). The Assurance Manager reported that:

- Traffic light indicators (detailed on p36 of the agenda) for each Service were used to illustrate their risk management arrangements and scores,
- There were a range of performance indicators that each Services was scored against,
- The Chief Executive was keen that Council Services were set targets to aspire to and help raise performance,
- Children’s Commissioning and Quality was included in the Children’s Services score,
- On page 34 of the report, the tender and award process for the Insurance Programme was complete.

Resolved that

1. The Committee note the report,
2. The Head of Planning and Trading Standards be invited to a future meeting of the Committee to provide further information on the Service’s Risk Register – as a example to the Committee Members to understand the process of risk management,
3. The Risk Manager be requested to provide further information on the ratings for the Services detailed on page 36 of the agenda.

36. GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME.

The Committee considered the work programme for the remainder of the Municipal Year (agenda item 8).

Resolved that

1. The Committee note the work programme and the dates for future meetings,
2. It was agreed that an additional meeting of the Committee be held from 6.30pm on 4 February 2007 to consider the Use of Resources and Review of Internal Audit.

(The meeting commenced at 6.30pm and closed at 8pm)

CHAIRMAN

Date of Signature: