

Minutes of the meeting of the Audit and Governance Committee held at Herefordshire Council Offices, Plough Lane, Hereford HR4 0LE on Wednesday 27 October at 10.15 am.

Present: Committee Members:

Councillor Nigel Shaw (Chairperson)
Councillor Christy Bolderson (Vice-chairperson),

Councillor Jennifer Bartlett
Councillor Dave Boulter
Councillor Peter Jinman
Councillor Yolande Watson*
Councillor Sebastian Bowen.

Officers:

Andrew Lovegrove (Acting Deputy Chief Executive, Chief Finance and Section 151 Officer), Kate Charlton (Interim Head of Legal and Deputy Monitoring Officer), John Coleman (Democratic Services Manager) and Jenny Preece (Democratic Services Officer – technical support)

In Attendance:

Jacqui Gooding* – Assistant Director, South West Audit Partnership

*denotes remote attendance

36. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Matthews.

37. NAMED SUBSTITUTES (IF ANY)

Councillor Bowen attended the meeting as a substitute member for Councillor Matthews.

38. DECLARATIONS OF INTEREST

No declarations of interest were made.

39. MINUTES

The minutes of the meeting held on 27 September 2021 and the accompanying action log were received by the Committee.

RESOLVED:

1. That the minutes of the meeting held on 27 September 2021 be approved as a correct record and be signed by the chairperson.
2. That the Action Log be further updated for the November meeting as there were still a number of outstanding items.

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The published agenda incorrectly assigned questions from members of the public and questions from Councillors as items 7 and 8. These items should have been assigned as items 5 and 6 so the Chairperson used his discretion to bring these forward to their correct position in the agenda.

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40. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

41. QUESTIONS FROM COUNCILLORS

No questions had been received from Councillors.

42. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Jacqui Gooding, Auditor with the South West Audit Partnership (SWAP), introduced the report the purpose of which was to update the Audit and Governance Committee on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. The report would also enable the Committee to monitor performance of the Internal Audit team against the approved plan.

During discussion the following principal points were made:

- Grant determinations had pushed back a number of scheduled internal audits as each time a funding figure was provided a separate sign-off was required.
- It was unlikely that all internal work that was planned would be completed, but as part of a rolling plan, some of this would be pushed into Q1.
- There was an ongoing conversation with the Council's S151 Officer about securing additional resource to deliver some of the planned work.
- The S151 Officer was comfortable that the work was being completed in line with Government's requirements. The only concerns he would have were if the deferred audits were delayed past Q4.
- The Auditor would be closely monitoring capital projects and capital expenditure as these were areas where new processes had been put in place and she would need to check that these were being embedded.
- On-going grant work needed to be checked and signed off to confirm that funds were being used as approved.

- Some grants were repeat grants that were signed off each year but others were new tranches of funding that had come through because of the Covid pandemic and all of these needed a separate grant determination.
- The distinction was made between grants that were actively applied for and those that were allocated by Government and which had specific criteria on how they were spent and the time constraints in which to do so.
- Although it was difficult to accurately assess, the S151 Officer felt that Herefordshire Council received sufficient remuneration for the additional costs of administering the extra grants, but had certainly not profited from it.
- The Auditor confirmed that as part of every audit the efficiency of processes was reviewed but was balanced against the control framework and managing risk, including fraud risk.
- Any suggestions on how processes could be improved were included in the internal audit reports.
- Councillors asked the auditors to consider how recommendations to improve processes could be better captured and monitored.
- The audit of Children's Services had been delayed at the request of the service who were reviewing their processes and wanted Internal Audit to act as a critical friend. A similar review had been done for Adult Services.
- Any deferrals were made in conjunction with the S151 Officer (the client officer for any work carried out) and service directors.
- The Auditor was asked to look at the scope of each piece of work and how that information could best be included in the Plan.
- The Committee noted the steps that had been taken by the Council to counteract fraud, particularly in relation to the distribution of Covid business grant support funding.
- The S151 Officer was satisfied with the recommendations made as a result of the Building Maintenance and Cleaning Arrangements Internal Audit and would ensure actions were carried out as this area came under his specific remit.

RESOLVED:

1. That the S151 Officer considers the concerns of the Audit and Governance Committee in relation to the efficiency and governance of capital purchases and, in conjunction with the Deputy Monitoring Officer, reports back to the Committee on current practice and makes recommendations on any improvements that should be made.

ACTIONS:

1. The new Transformation Director be invited to meet with the Audit and Governance Committee to discuss where and how efficiencies following internal audit processes are being applied to Council working.
2. South West Audit Partnership to provide the Committee with a detailed summary of recommendations made that deal with efficiencies.
3. A high level scoping summary to be provided with internal audit reporting, either as a one page summary or annotated within the reporting table.
4. The S151 Officer to explore and report back to the Committee on who in the Council undertakes the Carbon Audit.

43. AUDIT AND GOVERNANCE - COMMITTEE EFFECTIVENESS AND PERFORMANCE, SKILLS MATRIX

John Coleman, Democratic Services Manager, introduced the report the purpose of which was for the Committee to consider and agree the audit and governance skills matrix and to seek all committee members' participation in the skills matrix audit.

During discussion the following principal points were made:

- Members thanked the Vice-Chairperson of the Committee, Cllr Bolderson, for the work she had done on the audit and governance skills matrix.
- The matrix review had highlighted that all committees of the Council could benefit from their Members having a breadth of knowledge.
- The question was posed whether all committees should be based on this breadth of experience rather than being down to political group proportionality.
- Group leaders could refer to the matrix when considering their committee nominations.
- The matrix would be very useful for new Committee members and would be incorporated into the work programme for the new municipal year by highlighting any additional training sessions needed.

The Committee **RECOMMENDED** that:

1. The Audit and Governance Skills Matrix as set out in Appendix A be agreed and that Committee Members commit to undertake and complete the matrix exercise.
2. Members participate in the further timely development of the matrix to help identify any new training requirements or whether co-option of those with specialist skills is required.
3. Group Leaders to be invited to consider the skills matrix as a framework for gathering information on their political group membership.
4. Consideration be given to producing an Audit and Governance handbook for current and future members of the Committee

ACTIONS:

1. A date to be set for a workshop after the full Council meeting seeking agreement for the new constitutional changes.

44. WORK PROGRAMME UPDATE

During discussion of the work programme the following points were noted:

- A progress report from the External Auditors and the Standards report would be on the agenda for the next meeting on 24 November.
- An additional special meeting had been convened for 26 November to consider the Rethinking Governance project work.
- The Committee's Terms of Reference would be updated as part of the Rethinking Governance work.

The Committee **RESOLVED** that the work programme be agreed.

45. DATE OF NEXT MEETING

24 November 2021, 10.15am

The meeting ended at 12.18pm

Chairperson