

Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Thursday 26 September 2024 at 2.30 pm

Committee members present in person and voting: **Councillors: Polly Andrews, Frank Cornthwaite, Robert Highfield, David Hitchiner (Chairperson), Ben Proctor and Mark Woodall (Vice-Chairperson)**

Others in attendance:

G Hawkins	Senior Manager, Grant Thornton
C Jacobs	Information Governance Manager
S O'Connor	Head of Legal Services and Deputy Monitoring Officer
T Page	Complaints and Children's Rights Manager
J Preece	Democratic Services Officer
N Preece	Value for Money Manager, Grant Thornton
R Sanders	Director of Finance
Cathy Smith	Public Sector Audit Manager. Grant Thornton

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors Chris Bartrum, Peter Hamblin and Aubrey Oliver

2. NAMED SUBSTITUTES (IF ANY)

Councillor Polly Andrews was present as the named substitute for Councillor Aubrey Oliver and Councillor Ben Proctor attended the meeting as a substitute member for Cllr Chris Bartrum.

3. DECLARATIONS OF INTEREST

No declarations of interest were made.

4. MINUTES

RESOLVED:

That the minutes of the meeting held on 23 July 2024 be confirmed as a correct record and signed by the chairman.

5. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 9 - 10)

Questions received and responses given are attached as a supplement to the minutes.

6. QUESTIONS FROM COUNCILLORS

There were no questions received from Councillors.

7. ANNUAL REVIEW OF THE COUNCIL'S INFORMATION REQUESTS & COMPLAINTS 2023/24

The committee considered a report on performance in the areas of complaints, data incidents and requests for information made to the council over the municipal year 2023/24.

The Information Governance Manager (IGM) informed the committee that the information held in the report was from 1 May 2023 to 30 April 2024. The following points were highlighted:

- 834 Freedom of Information (FOI) and 130 Environmental Information Regulation (EIR) requests had been dealt with by the Council which was a decrease from the previous year. This was thought to be due to the publication of the disclosure log detailing past requests and responses. More requests have also been dealt with as "business as usual".
- Requests answered within the statutory 20 working days was 98.6%, which exceeded the Council's target of 95% compliance.
- Three cases were referred to the Information Commissioner's Office (ICO) and in all cases the ICO upheld the council's decision.
- 207 requests from individuals asking for their own personal data (SARS) were received with a response rate of 78%, which fell below Council target.
- 260 low-level data security incidents were reported during the period. 4 of those met the threshold for reporting to the ICO. In 3 of those cases, they were satisfied with how the Council had dealt with those breaches and 1 case the decision was still pending.
- It was noted the fact the number of breaches were high was not necessarily a cause for concern and was likely from a high level of staff awareness due to mandatory training processes in place for reporting such issues and an open culture around reporting things which have gone wrong.

The Complaints and Children's Rights Manager (CCRM) informed the committee that:

- 483 corporate complaints had been received during the municipal year a decrease from 734 the previous year.
- 158 service requests had been received.
- 102 statutory children's complaints had been received, 55 of which were sent to the ombudsman. Of those 55, only 10 were investigated and only 8 were upheld.
- In 100% of cases the council had complied with the recommendations made by the Local Government and Social Care Ombudsman (LGSCO) to bring cases to resolution.
- The council paid out a total sum of £250 as advised by the LGSCO for the period of 1 April 2023 to 31 March 2024, a notable decrease from the £2200 paid to complainants 1 April 2022 to 31 March 2023.

In response to committee questions, it was noted:(please also see actions below).

1. The CCRM did not feel the increase in children's complaints was a cause for concern and that the process for making a complaint was much more accessible.
2. The CCRM explained that predominantly families are making the complaints on behalf of the children, but when a complaint is received from a child or young person, they are supported through the advocacy service. If a parent or a family member or foster care is complaining on behalf of the child, If they are age appropriate (generally from 12 years) the team would ensure that the child knows

- about the complaint and if they consent for the complaint being made would try to give them the option of putting the complaint in themselves rather than the family doing it.
3. The CCRM advised on the recording of complaints when multiple complaints are received on the same subject matter.
 4. The IGM confirmed that along with the disclosure logs detailing previous requests and where to find the information, the frequently asked questions page, service areas were also being encouraged where recurring themes were being asked, that they should make the information available on the website.
 5. The CCRM provided the committee with an overview of the Advocacy Service which was welcomed by the committee.
 6. The CCRM advised the committee that any child in the care of Herefordshire, no matter where they were living in the country, will have access to the “hear me” service. This can involve travelling out of County or just talking over the phone. Every local authority should have an advocacy service. It was noted that two local authorities had asked to spot purchase Herefordshire’s advocacy service for children that have been placed here, which is not something currently offered but is being investigated.

RESOLVED

That the information set out in the report is noted.

Action(s)

2023/24-038 The IGM would provide the committee with data on the number of duplicate FOI requests received that had previously been asked and answers published on the Councils website.

2023/24-039 The IGM would feedback improvements needed to the council search engine, which could aid in receiving fewer duplicate requests.

2023/24-040 The IGM would ensure the disclosure log was labelled with the Open Government Licence (OGL).

8. UPDATE TO RISK MANAGEMENT ARRANGEMENTS

The Director of Finance (DOF) introduced the report the purpose of which was to provide an update on the ongoing work in respect of the activity that has been undertaken to review and develop the Council's approach to risk management. The principal points included:

- External risk management consultants had evaluated the risk management arrangement.
- Following that exercise, their feedback and best practise had been incorporated into the updated draft risk management strategy attached at [Appendix 1](#).
- More work was still to be done and it was noted that the strategy attached at [Appendix 1](#) had some gaps in the risk appetite matrix relating to corporate risks. The Corporate Leadership Team (CLT) would be working through the plan in the coming months to populate those risks, identify the ones that are most relevant to the Council and the sectors that are operated in, and to define risk appetite.

In response to committee questions, it was noted: (also see actions below)

1. The Head of Corporate Performance & Intelligence (HCPI) explained that once the strategy had been approved by all parties, frequent communication would be emailed across to all staff, workshops would take place to explain what risk

- management is and what the new strategy is and how they can ensure that we consider this in their day-to-day work.
2. The HCPI confirmed that all cabinet, cabinet member and committee reports came through to her prior to being released for the relevant meetings and she would be reviewing these in terms of ensuring there is consideration of risk.
 3. The HCPI advised she is already working closely with South West Audit Partnership (SWAP) and had recent conversation with regards to renewing the corporate risk registers. A benchmarking exercise to see how we compare with other local authorities had already been started. The new strategy was in its early stages of being created, the next steps would be to refresh all the risk registers, embed those and to ensure that the strategy is being implemented. She would then like it to be fully audited by swap to ensure we are following and implementing what we say we are going to do.
 4. The HCPI was looking to develop an E-Learning module that was mandatory to ensure all staff undertook the training but also to provide interactive workshops where case studies could be explored, and discussions can be had on how we deal with risk management and people could get immediate feedback on their thoughts and processes.
 5. Consideration would be given to the presentation of the risk appetite levels.

RESOLVED:

That the committee noted the activity completed to update the Draft Risk Management Strategy.

Action(s)

2023/24-041 The HCPI to update the wording with regards to roles and responsibilities to give clarity that the Audit and Governance Committee is responsible for approving the process rather than the complete Register, and to consider the best timing for the quarterly reviews as between the SLT, Cabinet and this committee

2023/24-042 The HCPI to investigate and provide a written response with regards to where the delegation for cabinet is within the constitution for the accountability of risk management.

9. 2023/24 EXTERNAL AUDIT FINDINGS REPORT

The Director of Finance (DOF) introduced the report and offered her thanks to the Senior Manager (SM), Grant Thornton (GT) and her team for their hard work and dedication. The following principal points were noted:

- The draft accounts were published on 31st of May in line with the statutory deadline. At that point it was noted by the auditors that the expenditure in the council's comprehensive income and expenses statement exceeded the £500 million threshold which prompted a change in their audit classification to "a major local audit". As a result, additional procedures, the audit scope and layers of review were undertaken by GT, an additional partner review and technical review. This inevitably presented some changes in the council's disclosure and presentations in the accounts which were detailed in the audit findings report.
- No material errors had been found and where auditor's had recommendations these had been accepted and where appropriate corrections made straight away, or action plans put in place to remedy.

The SM advised the committee they planned to give an unmodified opinion, later in the agenda subject to some items that were still outstanding. These included:

- A response from the external property valuer had been received, and that work was completed and was subject to review.
- A letter was expected from the engagement lead for the pension fund audit which would enable GT to complete and close on this work.
- GT were awaiting final sign off on the hot review and ethics process.
- Their aim was for the accounts to be signed off by the statutory deadline of 30 September.

The Public Sector Audit Manager (PSAM) GT provided the committee with details on the recommendations that had been made, the errors that had been found and what had been done to remedy those.

In response to committee questions, it was noted:

1. The PSAM advised that some software packages would not allow journals to be posted unless it had been approved by an appropriate approver. Unfortunately, the council's software did not accommodate this, and it was advised that this could be achieved by an appropriate approver signing a piece of paper and scanning in as evidence or an email.
2. The process for auditing the valuation of assets was explained.
3. The DOF explained the presentation error with regards to the placement of the £8.4M.

RESOLVED

That: The report of the external auditor attached at Appendix 1 was considered and the committee determined that no issues raised in the report required inclusion in the committee's future workplan.

10. ANNUAL GOVERNANCE STATEMENT 2023/24

The Director of Finance (DOF) introduced the Annual Governance Statement (AGS) 2023/24 a draft of which was presented to the committee in June. Changes requested by the Committee in terms of language used had been altered. Grant Thornton had reviewed the statement as part of their audit work for consistency and considered the control framework and governance arrangements.

In response to committee questions, the DOF informed the committee that a public inspection period had taken place during 1st of June through to the 12th of July giving members of the public the opportunity to ask questions. The AGS will be published as part of the audited statement and remains on the Council's website with further updates on actions highlighted as areas for improvement being brought back to this committee throughout the year.

RESOLVED:

That: The committee determined that the Annual Governance Statement at Appendix 1 properly reflects the risk environment the council is operating in and that actions identified represent an appropriate response.

11. 2023/24 STATEMENT OF ACCOUNTS

The Director of Finance (DOF) introduced the statement of accounts a draft of which was presented to the committee in June. Those accounts had been subject to audit by Grant Thornton who had made recommendations which the Council have adjusted. A final set of accounts were presented to the auditors, who have confirmed all required changes had been made and were presented to the committee for approval along with the letter of representation.

The Chair expressed his congratulations and thanks to the DOF and officers for their hard work and dedication.

RESOLVED:

That: The 2023/24 Statement of Accounts (at Appendix 1) be approved; and the letter of representation (at Appendix 2) be signed by the chairperson of the committee and the Chief Finance Officer.

12. EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24

The Director of Finance (DOF) expressed her thanks to the Value for Money Manager (VMM) Grant Thornton (GT), for his work over the recent years. The following principal points were noted:

- The annual auditors report is a review of the arrangements that have been put in place under three key themes, financial sustainability, governance and the three ES - economy, efficiency and effectiveness in the council's use of resources. The report outlines against each of those criteria the recommendations made, and any weaknesses identified in arrangements.
- GT had conducted an additional piece of work this year in to the finance arrangements within the children and Young People Directorate. It was noted the review confirmed that there are good arrangements in place with a realistic and robust budget set.

The VMM introduced the report, the following principal points were noted:

- 1 key recommendation with regards to the continuing significant weakness in respect of improvement in children's services was highlighted, however the VMM was keen to note that the direction of travel was positive having reviewed the robust budget arrangements as previously mentioned and reassuring discussions had with the Corporate Director in terms of new approach, change and refocus. The VMM advised that it would be difficult for the classification to be changed whilst Herefordshire still had an Ofsted rating of inadequate.
- 3 Improvement recommendations had been made with regards to;
 1. The Dedicated Schools Grant (DSG) and the increasing deficit due to greater pressures of SEN in schools and the use of having to use out of county places at a significant cost. Closer working with schools, partners and stake holders to reduce expenditure was recommended.
 2. Improvements to risk reporting arrangements to enhance the corporate risk registers by including the corporate objectives and what they relate to was recommended along with quarterly reporting to Cabinet after it was reviewed by the Audit and Governance Committee.
 3. To enhance arrangements where necessary to waive normal tendering arrangements, the council should report tender waivers to the Audit and Governance Committee on a quarterly basis.
- The Council is found to have reasonable and robust budget setting and good financial reporting processes in place.

In response to committee questions, it was noted:

1. The DOF assured the committee that the corporate leadership team were aware of the recommendations made and special attention will be given to the areas that are within their individual directorates.
2. In terms of budget setting the DOF would personally ensure that all these recommendations are considered and from a finance perspective, would be

discussing each of the recommendations with her teams. GT would also be following up on these in future years and internal audit as part of their management of the council's audit recommendations. Some of the recommendations had a direct impact on the revenue budget and forecast and would be considered as part of general financial management arrangements.

3. As part of the recommendation for the tender of waivers to be reported through the Audit and Governance Committee, the DOF explained that these are monitored but there is not currently a mechanism for reporting to the committee. She would explore the volume with her team to determine an appropriate frequency and report back to the committee.
4. The DOF assured the committee of the budget setting process and highlighted one of the key priorities and drivers in setting the budget was ensuring there were sufficient funds to deliver priorities of the council plan whilst joining that up with the capital program and making sure consideration is given for revenue pressures and understanding what can be done to contain, mitigate and minimize financial pressures.

RESOLVED

That the committee reviewed the external auditor's report, noted its findings and recommendations and had considered the management responses.

Action:

2023/24-043 The DOF to explore the volume of tender waivers with her team to determine an appropriate frequency and report back to the committee.

13. WORK PROGRAMME

The committee's updated work programme was presented, showing amendments which included the External Auditor's Annual Report 2023/24 having been brought forward to this meeting from January 2025.

Having noted the discussion during the Risk Management item, it was highlighted that an additional item on the Corporate Risk Registers was required before the already scheduled meeting on 10 June 2025.

RESOLVED

That subject to the amendment noted, the updated work programme be agreed.

14. DATE OF NEXT MEETING

Tuesday, 29 October 2024, 2pm.

The meeting ended at 16:03.

Chairperson