

Minutes of the meeting of audit and governance committee held at Committee Room 1, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Wednesday 21 March 2018 at 2.00 pm

Present: Councillor PD Newman OBE (Chairman)
Councillor ACR Chappell (Vice-Chairman)

Councillors: CR Butler, EPJ Harvey, RJ Phillips, AJW Powers and J Stone

Officers: Andrew Lovegrove, Alistair Neill, Laura Tyler, Stephen Vickers and Claire Ward

269. APOLOGIES FOR ABSENCE

There were no apologies for absence.

270. NAMED SUBSTITUTES (IF ANY)

None.

271. DECLARATIONS OF INTEREST

There were no declarations of interest.

272. MINUTES

RESOLVED:

THAT the minutes of the meeting held on 24 January 2018 be confirmed as a correct record and signed by the chairman.

273. QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions from members of the public.

274. QUESTIONS FROM COUNCILLORS

There were no questions from councillors.

275. CAPITAL PROJECT MANAGEMENT AND CONTROL INTERNAL AUDIT PROGRESS UPDATE

It was noted that the committee would be meeting the chief finance officer in private session once the committee meeting had been formally closed.

The chief finance officer presented the report and highlighted the following:

- All invoices now have to have a purchase order number otherwise they are sent back to the organisation.

- The internal control working group were thanked for their input which had been helpful.
- As from the new financial year, the system would require that all orders have a pre-loaded budget otherwise they will not proceed.
- The work on the Blueschool House recommendations had concluded but the internal control improvement board would continue as a continuous improvement board.

During the discussion, the following points were raised:

- Concern over the length of time that it would take to change the culture, especially as some of the recommendations were matters which should be a matter of course. The chief executive explained that it would take time to train approx. 1,200 employees on the new systems and for the culture to change. There were changes to how projects were monitored which included gateways which had to be met otherwise the project would not proceed.
- Blueschool House had exposed governance issues which should not have occurred. It was felt that the timescales needed to be tightened up and should be within 12 months.
- That if there was a culture that says you can work round any procedures, then this is separate to the roll out of training. A robust system would not be able to be by-passed as there would be checks and balances in place.

A member of the committee noted that there had been a recommendation at the committee meeting on 20 September 2017 that the corporate peer challenge have a focus on the economy, communities and corporate (ECC) directorate. The recent corporate peer challenge had not had a sole ECC focus and an assurance was sought that the recommendation had been discharged in its fullest sense. The chief executive explained that he had indicated at the committee meeting on 28 November 2017 that the peer challenge would not be solely focused on ECC. It was anticipated that the full final letter would be received within the next 2-3 weeks and the recommendations would be accepted and prioritised. However, the chief executive had contacted the lead chief executive reviewer and had provided a briefing on Blueschool House. As part of the information which had been sent to the peer challenge team, a position statement had been prepared which had also included Blueschool House. The chief executive agreed to circulate a copy of the position statement to the committee.

The chief executive further explained that the SWAP report into Blueschool House had concluded that the procedures and systems were in place but that individuals did not follow them. The report did not conclude that there was a broader culture issue. A further full and detailed investigation had been commissioned which looked into the detail of why the individuals had not followed the systems which related to ECC and the responsible service areas and appropriate HR action had been taken. The contents of the detailed investigation had been shared on a confidential basis with group leaders and members of the cabinet. A decision was taken that as these two pieces of work were more substantial than a peer review, the review would cover understanding of the local place and priority setting, leadership of place, organisational leadership and governance, financial planning and viability and capacity to delivery. The issue of governance directly relates to ECC as they are responsible for corporate services.

Given the recent S20 critical court judgement and the presence of the chief executive, the chairman exercised his discretion to allow questions on the S20 finding as they related to the functions of the committee.

It was noted that though the regular performance challenge meetings had been positively commented upon by both the corporate peer review team and the children's peer review team, the S20 judgement was an example of issues slipping through the net and procedures not being followed.

The chief executive stated that the judgement was fully accepted and apologised for the behaviour. It was explained that the actions went back to 2008 but that the council needed to ensure that proper practice will be followed and that appropriate action had been or will be taken. It was noted that it was professionally important that where the staff involved were no longer employed by Herefordshire Council that they and their employees are aware of the judgement. The chief executive set out the process which had been established for S20 cases:

1. All requests for admission to the looked after system must be presented to a legal gateway meeting or a threshold of care panel.
2. Every agreement to voluntary care must be reviewed by a member of legal team within 28 days.
3. Social workers must consider the capacity of those persons with parental responsibility when seeking informed consent for an action.
4. Independent Reviewing Officers must be satisfied that parents of children looked after under S20 of The Children Act 1989 understand what they have agreed to and continue to agree. They must be reminded of their ability to withdraw consent.
5. Independent Reviewing Officers must use the escalation process to challenge any instances of case drift.
6. All decisions made within legal gateway meetings should be followed up within a month by the relevant head of service.
7. The Placement Panel should review all looked after children who have been in Herefordshire Council's care for more than six months. This will take place until permanence is secured.

The chief executive explained that the approach to S20 had changed over a period of years and there will be other local authorities who will not have used this legislation appropriately. The care of the two young people mentioned in this case had been praised by the judge and this had been provided by Herefordshire foster carers.

A member of the committee commented that they were surprised that the above actions were not a matter of course.

Following a query from a committee member, it was confirmed that the matter does appear on the ECC directorate risk register. A discussion had taken place at management board and the matter would now be considered for inclusion on the corporate risk register.

It was noted that this matter had not been discussed at a performance challenge meeting. Whilst members could request to discuss any matters, it was difficult for them to find out issues, for example whilst information on S20 may have been presented to meetings, the data had not indicated the duration a child or young person remained S20, this meant that members do not know to ask questions if it is not flagged to them that there is an issue. The chief executive confirmed that members could request an update on any children or young people who are S20 and the length of time they have been S20.

RESOLVED

THAT the report be noted

276. UPDATE FROM EXTERNAL AUDITOR

Grant Thornton presented the report.

It was explained that appendix 2 to the report (Informing the risk assessment) was conducted at the start of the audit process. Management have populated responses to a framework provided by Grant Thornton and the committee is asked to confirm that they are happy with the responses.

A member of the committee stated that they were unsure how they gained assurance based on the answers which had been given. The S20 judgement was used as an example as this matter would have been going through the court system but had not been brought to the committee's attention. The solicitor to the council explained that case law in this area started to develop in 2015 in connection with S20. Once this happened, there was a theoretical risk that similar cases may result and it did appear on the corporate risk register but is currently on the ECC directorate risk register. As indicated by the chief executive, it may now appear on the corporate risk register. It was noted that this document related to the financial statement and value for money audit. As some members were not assured of the answers in the document, a vote was taken:

Five (5) in favour of confirming that the report had been reviewed and members assured of its content

Two (2) against confirming that the report had been reviewed and members assured of its content

RESOLVED

- THAT (a) the progress report and sector update be noted
(b) the informing the risk assessment had been reviewed and members were assured of the content**

277. INTERNAL AUDIT CHARTER

Members were presented with the annual internal audit charter for approval.

RESOLVED

THAT the internal audit charter be approved.

278. INTERNAL AUDIT PLAN 2018/19

SWAP presented the 2018/19 internal audit plan.

It was confirmed that the role of audit and governance committee was to oversee the work of internal audit.

Following a query from a member of the committee, it was confirmed that the audit of the process for the disposal of the smallholdings estate was being undertaken under the current audit plan.

It was further confirmed that the operational audit for troubled families would be the annual grant certification audit in connection with the troubled families grants and not include S20.

RESOLVED

THAT the 2018/19 internal audit plan be approved.

279. PROGRESS REPORT ON 2017/18 INTERNAL AUDIT PLAN

SWAP presented the report and highlighted:

- 22 audits had been completed;
- There had been 6 partial audits; 3 related to schools and the others were in relation to market intelligence, serious and organised crime and public health / emergency planning
- The annual internal audit opinion will be presented at the July committee meeting.

Following a query from a member of the committee in relation to the pie chart on page 118 of the committee pack, it was confirmed that internal audit do not give an opinion on all audits or follow up audits. The important factor was that all audit actions were actioned and the committee receives a 6 monthly update on outstanding audit actions.

It was noted that the delay in completing the small holdings audits were due to the long term sickness absence of a member of staff.

Market intelligence

The adult social care commissioning manager updated the committee on the progress to date in relation to the priority 4 audit findings. It was confirmed that the process is now more robust and there was confidence in the information and data being pulled into the dashboards with a clear reference to the data source to ensure consistency and accuracy of the data sets.

Serious and organised crime

The chief finance officer confirmed that the actions would be delivered by August 2018 and would focus on front line staff, e.g. revenues and benefits, and would include all types of crime including cyber.

Public health emergency planning

The Corporate Customer Information and Equality Manager updated the committee on the progress of the priority 4 findings.

It was explained that the emergency accommodation was that used in the event of a major or critical event. The accommodation list was now up to date and the housing solutions team have a robust approach.

It was noted that there were over 30 emergency plans and guidance. Ten plans had been identified as being out of date. Of these 10, 3 were multi-agency plans and there were plans for them to be reviewed; 2 were in progress and there had been 5 quick reviews to check if there had been any legislative changes. These 5 would be built into the work programme. It was noted that there was a resource issue for the team and it was suggested by the committee that they may wish to consider sharing resources with other local authorities.

RESOLVED

THAT the progress update be noted.

The meeting adjourned at 16:09 and re-convened at 16:17

280. CORPORATE RISK REGISTER

The directorate services team leader presented the Q3 corporate risk register which had been presented to Cabinet in February.

It was highlighted that one risk had been added and one removed since the committee had last received the register.

In response to a query from a committee member in relation to the transfer of money from the severe weather reserve to the Hereford transport package project, the chief finance officer confirmed that there was sufficient funding held in reserves for severe weather events. The severe weather reserves would have been run down due to the recent snow events and there were also general reserves which could be used. The peer challenge had recommended that the reserves be looked at.

The remit of the committee was to satisfy itself that an appropriate system was in place and operated to ensure that risks were appropriately assessed and reported. In order for the committee to assure itself that the escalation / de escalation of risk was being appropriately assessed in line with the performance, risk, opportunities (PROM) framework, it was agreed that the committee would receive a one-off report which would attach the directorate risk registers.

The directorate services team leader reported that changes to the PROM would be presented to cabinet for approval shortly. Changes included making the escalation process clearer and stronger and reviewing the scores and entries in the corporate risk register on a monthly basis. It was agreed that details of the changes to the PROM would be included in next report.

RESOLVED

THAT the report be noted

281. CONSTITUTION REVIEW WORKING UPDATE PROGRESS UPDATE

The solicitor to the council presented the report.

It was noted that the working group would be making recommendations to the committee at the May meeting.

RESOLVED:

THAT the report be noted.

282. FUTURE WORK PROGRAMME FOR 2018/19

The 2018/19 work programme was discussed. It was agreed that:

- The University assurance report be added to the July agenda
- SWAP's re-audit of the Blueschool House recommendations be added for September 2018
- There would be a Blueschool House report in May but not July. A closure report would be presented in September 2018.

RESOLVED

THAT subject to the above, the 2018/19 work programme be agreed.

283. MEETING DATES FOR 2018/19

The meeting dates for 2018/19 were noted.

The meeting ended at 4.53 pm

Chairman