

**MINUTES** of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.30 am on 25 September 2017 at Members Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its next meeting.

**Elected Members:**

Mr David Harmer (Chairman)  
Mr Keith Witham (Vice-Chairman)  
Mr Edward Hawkins  
Dr Peter Szanto  
Mrs Fiona White

**Members in Attendance**

Mrs Mary Lewis, Cabinet Member for Education was in attendance for item 9.

**51/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

An apology of absence was received from Mr Ernest Mallett MBE.

**52/17 MINUTES OF THE PREVIOUS MEETING 27 JULY 2017 [Item 2]**

The Minutes were approved as an accurate record of the previous meeting.

**53/17 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**54/17 QUESTIONS AND PETITIONS [Item 4]**

There were none.

**55/17 RECOMMENDATIONS TRACKER AND BULLETIN [Item 5]**

**Declarations of interest:**

None

**Key points raised during the discussion:**

1. With reference to recommendation A9/17, the Chairman informed the committee he had yet to write the covering letter, and that it would be circulated to all Members along with the narrative report in due course.
2. The Committee reviewed each item on the tracker and noted its contents.
3. Members highlighted the value of gifts and hospitality declared in Environment & Infrastructure was significantly higher than in other directorates. Officers explained that whilst the figures were high, this was not of concern as they had been reviewed by HR. Members noted that the gifts and hospitality update was a summary of a much larger report that was available online.

**Action/Further information to note:**

1. Committee Assistant to circulate the link to the gifts and hospitality report to Committee Members.
2. Committee Assistant to contact the whistle-blowing report author to suggest the inclusion of an additional column detailing resultant action in future reports.

**RESOLVED:**

1. The recommendations tracker and bulletin reports were noted.

**56/17 EXTERNAL AUDIT: ANNUAL AUDIT LETTER [Item 6]**

**Declarations of interest:**

None

**Witnesses:**

Nikki O'Connor, Finance Manager  
Ciaran McLaughlin, Grant Thornton  
Marcus Ward, Grant Thornton

**Key points raised during the discussion:**

1. The Finance Manager introduced the report. It was explained that this was a summary of all the work undertaken by Grant Thornton in the financial year 2016/17.
2. There was some discussion about the management and administration of teachers' pensions in relation to the teachers' pension return that Grant Thornton had recently completed. Members noted that the Teachers Pensions Agency were responsible for all aspects of management and administration.
3. Members noted that the Council's whole of governments accounts return was due to be submitted to HM Treasury by 4 October 2017.

**Actions/ further information to be provided:**

None

**Resolved:**

1. The Committee noted the report.

**57/17 EXTERNAL AUDIT PERFORMANCE [Item 7]**

**Declarations of interest:**

None

**Witnesses:**

Nikki O'Connor, Finance Manager  
Ciaran McLaughlin, Grant Thornton  
Marcus Ward, Grant Thornton

Russell Banks, Chief Internal Auditor

**Key points raised during the discussion:**

1. The Finance Manager introduced the report. It was explained that annex 1 provided commentary of progress against Key Performance Indicators (KPIs) for the financial year 2016/17.
2. The Finance Manager explained that whilst all KPIs had been achieved in 2016/17, there was still room for improvement.
3. The Committee was informed that the proposed KPIs for 2017/18 reflected the areas where improvements were required and they had been drawn up by the Council in consultation with Grant Thornton.
4. Members commended Grant Thornton for achieving the KPIs on time and on budget.
5. The Chief Internal Auditor commented that whilst it is not common to have KPIs in place between a local authority and an external audit company, it was good practice and it was demonstrable in the results that officers have a good working relationship with Grant Thornton.

**Actions/ further information to be provided:**

None

**Resolved:**

1. Members noted the report.
2. Members approved the proposed KPIs for 2017/18.

**58/17 LEADERSHIP RISK REGISTER [Item 8]**

**Declarations of interest:**

None

**Witnesses:**

Nikki O'Connor, Finance Manager

**Key points raised during the discussion:**

1. The Finance Manager introduced the report and explained that there had been a few minor changes to the Leadership Risk Register since the Committee last reviewed it.
2. The Committee were informed that the previous risk L4, Strategic Infrastructure, had been removed from the Leadership Risk Register as the Statutory Responsibilities Network (SRN) felt that this risk was best managed under Environment & Infrastructure's (E&I) service risk register.
3. Members raised concerns with this decision as it was felt that the financial impact of Strategic Infrastructure failure would affect the entire county, far beyond that of the E&I directorate's remit.
4. The Finance Manager explained that the Leadership team understood the impact that this would cause however it was still considered to be managed better at directorate level, although if SRN considered it to need a higher profile at any point in the future, it could be put back onto the Leadership risk register.

5. A Member commented that with having four risks in the high quadrant of the risk matrix, it was imperative to ensure contingencies were in place. The Committee noted that some risks were outside of the organisations control however scenario planning was undertaken where appropriate.
6. The Committee was informed that “new ways of working” (L5) was broadly defined as anything involving partnership working and areas of innovation and change.
7. There was some discussion about the property investment programme as a source of income generation as detailed in L4. The Finance Manager informed Members that Halsey Garton accounts would be reviewed at the next meeting.

**Actions/ further information to be provided:**

None

**Resolved:**

1. The Committee reviewed the Leadership risk register and were satisfied that there were no issues that needed to be drawn to the attention of the Chief Executive or Cabinet.
2. Members noted that a review of the council’s wholly owned trading companies would be on the agenda at the committee’s next meeting.

**59/17 COMPLETED INTERNAL AUDIT REPORTS [Item 9]**

**Declarations of interest:**

None

**Witnesses:**

David John, Audit Performance Manager  
Russell Banks, Chief Internal Auditor  
Liz Mills, Assistant Director, Schools & Learning  
Mary Burguieres, Continuous Improvement and Change Strategic Lead  
Mary Lewis, Cabinet Member for Education

**Key points raised during the discussion:**

1. The Audit Performance Manager presented the report, featuring seven completed audits, six of which were rated as reasonable assurances and invited Members to comment.
2. The Chairman commented on the Members Allowances and expenses audit and suggested that Members’ non-compliance of procedure should be highlighted to political group leaders in order to address the issue.
3. There was a discussion about how receipts would be provided once the electronic Member expense system went live.
4. Members commented on the Revenue Budget Monitoring audit, raising concern that one of the actions listed appeared to be a one-off rather than an ongoing process. The Audit Performance Manager explained that managing access was part of a much larger piece of work around managing leavers which will be undertaken later in the year.

5. The Chief Internal Auditor explained that the process was also affected by staff transferring to new roles internally within the organisation and therefore the scope of work would include transfers as well as leavers.

*There was a short adjournment to wait for officers and the Cabinet Member to attend to introduce the SEND2020 audit. Meeting adjourned at 11:53am and reconvened at 12:01pm.*

6. The Audit Performance Manager explained that it had previously been agreed that CSF audit findings be shared with management to allow for remedial action to be undertaken before the report was shared publicly.
7. Members were informed that field work for parts of this audit began in May 2016 and there were concerns around the time taken in addressing some of the key findings.
8. The Assistant Director for Schools & Learning explained that she had identified the lack of a quality assurance framework soon after taking up post in July 2016 and had started to implement changes within the service to address key issues. This included the recent appointment of the Continuous Improvement and Change Strategic Lead officer and working towards changing the culture of the service.
9. The Committee asked the officers to summarise their key areas of focus for the coming six months. The Assistant Director of Schools & Learning stated that the service planned to complete the five priorities as set out in the Council's Written Statement of Action by December 2017.
10. The Continuous Improvement and Change Strategic Lead officer highlighted that a Rapid Improvement Event had been held to improve the process of delivering Education and Health Care Plans, working with families to streamline the service. Timely delivery has increased from 28% to 62% as a result.
11. The Cabinet Member informed Members that the key areas of focus that had been pledged to the Minister for Children and Families were:
  - To deepen and expand the scope for change
  - Drive improvements in the timeliness and quality of assessments
  - To further reduce waiting times for therapies
  - To improve experience for families.
  - To better communicate the local offer.
12. The Audit Performance Manager indicated that some parts of the service would receive follow-up visits from audit towards the end of 2017, whilst the Quality Assurance framework would be re-audited later to allow time for it to be embedded.

**Action/Further information to be provided:**

None

**Resolved:**

1. The Committee noted the results of the completed internal audit reports.
2. The Committee was supportive of the approach being taken by officers in addressing the key findings of the SEND2020 audit report.

## **60/17 ANNUAL COMPLAINTS PERFORMANCE [Item 10]**

### **Declarations of interest:**

None

### **Witnesses:**

Sarah Bogunovic, Customer Relations and Service Improvement Manager

### **Key points raised during the discussion:**

1. The Customer Relations and Service Improvement Manager introduced the report and clarified the Council's definition of a complaint as an expression of dissatisfaction, however made, about any aspect of the Council's people, services, activities or policies. This includes actions taken, or services provided by people or organisations acting on our behalf.
2. Members noted that to help differentiate between service requests and complaints, a distinction is made between complaints 'to' the Council and complaints 'about' the Council.
3. The officer highlighted a decrease of over £25,000 in financial redress payments made by the Council over the previous four years and attributed this to improved procedural compliance.
4. The officer defined a compliment as an expression of courtesy beyond a standard thank you. It was noted that compliments in CSF were low as compliments were not logged as staff felt they were just doing their job. The committee had heard from the Assistant Director of Schools and Learning during the previous item that culture change within the service aimed to increase compliment rates.
5. Members noted that some complainants would escalate their complaint to the Local Government Ombudsman anyway, simply because they had not received their desired outcome.
6. Members were informed that compensation payments were calculated based on the costs of the services to the Council that the resident would not have incurred if arrangements had been implemented on time. Payments over £1000 required authorisation by the Cabinet Portfolio holder.

### **Action/Further information to be provided:**

1. Future reports to contain a year-on-year comparison of complaints upheld by the Local Government Ombudsman.
2. Comparative benchmarking against similar local authorities to be included in future reports.

### **Resolved:**

1. The Committee noted the report and approved of the current procedures for complaints management.

## **61/17 COMMITTEE WORKPLAN [Item 11]**

The Committee noted its workplan.

## **62/17 DATE OF NEXT MEETING [Item 12]**

The Committee noted that its next meeting would be at 10:30am on Monday 4 December 2017.

Meeting ended at: 12.42 pm

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**Chairman**