Minutes

REGULATORY AND AUDIT COMMITTEE

MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON TUESDAY 11 JUNE 2013 IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 9.30 AM AND CONCLUDING AT 10.50 AM.

MEMBERS PRESENT

Mr T Butcher
Mr W Chapple OBE
Mr R Khan
Mr D Martin
Mr Z Mohammed (Chairman)
Mr A Stevens
Mr W Whyte

OTHERS IN ATTENDANCE

Mrs E Denley, Team Leader, Performance and Strategy, Policy, Performance and Communications
Mr I Dyson, Chief Internal Auditor
Mr P Grady, Grant Thornton
Mr I Murray, Manager, Grant Thornton
Mr R Schmidt, Assistant Service Director (Strategic Finance)
Ms H Wailling, Democratic Services Officer

1 ELECTION OF CHAIRMAN

Zahir Mohammed was elected as Chairman of the Regulatory and Audit Committee for the ensuing year.

2 APPOINTMENT OF VICE-CHAIRMAN

Timothy Butcher was appointed as Vice-Chairman of the Regulatory and Audit Committee for the ensuing year.

3 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies for absence were received from Richard Scott.

INVESTOR IN PEOPLE

Richard Schmidt, Assistant Service Director (Strategic Finance), was in attendance in place of Richard Ambrose, Service Director for Finance and Commercial Services and Section 151 Officer.

The Chairman welcomed the new members to the Committee and asked everyone to introduce themselves.

4   DECLARATIONS OF INTEREST

There were no declarations of interest.

5   MINUTES

The Minutes of the meeting held on 10 April 2013 were agreed and signed as a correct record.

Matters arising
Page 2 – Ian Dyson told members that his progress report would be brought to the next meeting. An audit report regarding purchasing cards had been issued and no material issues had been found.

Other actions in the Minutes - these to be chased – **Action: HW**

6   DATA QUALITY STRATEGY

Emma Denley (Performance and Strategy Team Leader, Policy, Performance and Communications) was welcomed to the meeting.

Emma Denley referred members to the updated Data Quality Strategy in the papers and said that this was a refreshed version of the 2011-12 Strategy.

Emma Denley referred to the following points:
- The Data Quality Strategy should be read in conjunction with the Council's Data and Information Management Strategy 2011-15, which was the responsibility of the Information Governance Board.
- The Data Quality Strategy covered all Council employees and Councillors, all information that was entered or stored within the Council and all partners / contractors providing services to or working in partnership with the Council.
- The management process and monitoring were described on page 18 and following.
- Appendix 1 showed the actions which were needed to ensure that data quality was maintained and improved.

Ian Dyson, Chief Internal Auditor, said that Internal Audit undertook a programme of governance audits throughout the year. These audits had come about as an action from the Annual Governance Statement in the previous year. Internal Audit looked at the robustness of data and the controls in place.
Ian Dyson noted that Data Quality Champions had not yet been identified in every service, and that these champions were a key part of the internal control arrangements.

A member asked how services would be followed up to ensure they did not miss key areas. Emma Denley said that it was the role of the Corporate Performance Officer to check that services were not missing key areas.
Ian Dyson noted that arrangements in services had to be specific to the services (e.g. the Place Service worked closely with Ringway Jacobs).

A member asked who would monitor the performance of Data Quality Service Champions. Ian Dyson said that part of his role would be to independently review how the operations were working. There were currently three Service Champions in place and two still to be appointed. The Corporate Performance Team would have corporate oversight of how well the operations were working as a matter of routine.

Emma Denley said that a toolkit had been created specifically for data quality purposes. They could not make it mandatory for officers to have data quality actions in their Delivering Successful Performance (DSP) records, but it was likely that this would be picked up in the DSP process in 2013-14. The toolkit had been sent to all teams.

A member asked if there was a formal process in place to address data quality gaps or lapses. Emma Denley said that it depended on what sort of lapse it was. Low level lapses would be addressed by looking at the definition and ensuring it was robust. High level lapses should result in a management investigation, and could lead to Internal Audit carrying out thorough checking.
The escalation process would be through local teams initially and escalated up to COMT if necessary. Any systematic / software issues would be flagged through the risk management process.

A member asked how the difference in data quality related to data which the Council used to make decisions (e.g. Census data).
Emma Denley said that her team was very good at picking up Census data, and also any gaps in the Census. Census data was not covered in the Strategy, which focused more on partnership arrangements. Emma Denley also worked with Commercial Services on the Contract Management Framework.

A member suggested that any agencies which were causing data issues should be reported to the Committee. Ian Dyson said that these should be picked up in the risk management process, and would be reported to the Select Committees.

Action: Any identified risk areas to be brought back to Regulatory and Audit Committee

Emma Denley told members that she would be changing roles at the end of June 2013, and that the Data Quality Strategy would become the responsibility of Marcus Grupp, who would be taking over as Team Leader.

7   DRAFT ANNUAL GOVERNANCE STATEMENT

Ian Dyson, Chief Internal Auditor, circulated the draft Annual Governance Statement (AGS). The AGS would be brought to the next meeting for formal agreement, but was being presented at this meeting for members' information and comments.

Ian Dyson took members through the draft AGS and said the following:
- The layout of the AGS was prescribed by CIPFA guidance. In December 2012 CIPFA had published an addendum to the Guidance which set out the areas to be covered in the AGS.
- The AGS covered time up to 31 March 2013, so it reflected the 2012-13 year.
- 2012-13 had begun with the Corporate Plan, which contained four priorities. The Strategic Plan had then been developed, which contained eight priorities. This was underpinned by the Portfolio Plans, Team Plans and individual plans.
- In 2012 the Standards Committee had been dissolved, following changes in legislation. Due to this change, Regulatory and Audit Committee had been given additional responsibilities.

- The Appeals and Complaints Committee had been dissolved in 2013, and some responsibilities had been passed to the Regulatory and Audit Committee. A Complaints Sub-Committee would be formed if the need arose, following a complaint about an elected member.
- In 2012-13 the Overview and Scrutiny function had been altered and there were now four Select Committees. However the remit of Overview and Scrutiny had not changed (to hold the Cabinet to account).
- Page 4 of the Draft AGS described how performance and compliance were monitored.
- The Council had a Local Code of Governance as recommended in CIPFA guidance from 2007. This Code should be on the Council's website, but was not. It had also not been updated since 2007. One of the actions in the AGS was for this Code to be refreshed.
- In 2010 CIPFA had produced a statement on the role of the Head of Internal Audit. This ensured that the Chief Internal Auditor could provide independent assurances.
- CIPFA guidance published in 2010 set out the role and criteria for the Chief Finance Officer (Section 151 Officer). The Council was compliant with this guidance.
- The Council's Constitution included the Financial Regulations and Standing Orders. Any changes to these needed to be approved by the Regulatory and Audit Committee. Financial schemes of delegation were managed through the Directorates.
- Section 5 listed any significant governance issues which had arisen from the work of Internal Audit, the external auditors, inspections and from the control self-assessment carried out annually for each Service. All the information from these was collated by the Internal Audit team to see if there were any cross-cutting issues. One Service had not yet completed its self-assessment, but this should have been done by the next meeting. The self-assessments that had been carried out showed high levels of compliance.
- One generic area which was outstanding was that many staff had not completed their mandatory e-training on data protection. An action regarding this had been included in the AGS.
- A new standard for Internal Audit had been introduced in April 2013, and included a requirement for the Internal Audit Team to complete a self-assessment. The Audit Charter and Terms of Reference also needed to be updated.
- Section 6 of the AGS referred to the Contract Management Framework. The Council was leading the way in regard to understanding the importance of contracts and contract management. 18 months previously a Group had been set up to implement a new Contract Management Framework (CMF). The CMF had been brought to the Regulatory and Audit Committee. All 'platinum' contracts had been identified, and work was now being done to look at 'gold' contracts.
- Contract management software was being built, and all contracts would be logged on it. The system should be embedded by March 2014, once testing had been carried out. The system would be a key control process and assurance provider in the future.
- The draft AGS would be circulated to officers, the Chief Executive and the Leader. Then it would return to the Regulatory and Audit Committee, before being signed off by the Chief Executive and the Leader by 30 June 2013. Regulatory and Audit Committee would then see the AGS again in September 2013, in the light of the external audit report.

A member asked how the data protection e-training was carried out. Ian Dyson said that an e-learning tool had been developed internally.

A member said that the training would not prevent data breaches as had happened in other local authorities. This needed to be managed. Ian Dyson said that the Information Governance Board (IGB) monitored the uptake of training in conjunction with Gill Hibberd (Senior Information Risk Owner). The IGB should be pushing the issue regarding training back to Service Directors. The training provided assurance and accountability.

Costs of not having the training undertaken included fines if data was lost, altered public perception and the cost of the time taken to deal with any data loss (a hidden cost).

A member asked if members needed to undertake the training. Richard Schmidt, Assistant Service Director (Strategic Finance), said that the IGB was looking at this issue and that the previous Cabinet Member had felt that members should undertake the training. Ian Dyson said that he would find out from Gill Hibberd – **Action: ID**

A member asked if there was a deadline for officers to complete the training. Ian Dyson said that there had been reminders but no strict deadline, and no rigorous follow-up.
A member said that they were given a deadline for this type of training where they worked, and that if it was not completed the issue was escalated to line managers and then to the Management Board. A similar system should be put in place at the Council.

A member asked when the requirement for e-learning had been brought in, and commented that a long timescale had been allowed for officers to complete the training. Ian Dyson said that the date in the AGS was indicative and that this would need to be discussed with Gill Hibberd. Ian Dyson also said that it might be the case that the high-risk staff had completed their training.

A member asked for a list of the number of officers who had not completed the training for the next meeting – **Action: ID**

Ian Dyson asked members to let him know if there were any other areas which should be covered in the AGS.

8   ACTION TRACKER

Ian Dyson, Chief Internal Auditor, reported as follows:
- Management actions from Internal Audit reports were logged on Performance Plus, and managers updated the system regularly.
- Current statistics showed a good take up. 63% of high priority actions had been completed.
- Internal Audit worked with Directors and chased them on actions if necessary. Previously a high priority action had been defined as one which needed to be implemented quickly. The meaning had now been altered to mean an action with a high risk.
- 10 actions were outstanding, and Internal Audit was working with the managers involved. None of the outstanding actions was causing material concern. Two were outstanding from the 2011-12 Audit in regard to Transport for Buckinghamshire.
- The annual report of the Chief Internal Auditor would present the current status of all actions.
- In March 2014 the licence for Performance Plus would expire. A new system needed to be developed, and would be in place to replace Performance Plus.

A member asked if any Directorate had more outstanding actions than others. Ian Dyson said that the Communities and Built Environment Service had the most, but that the outstanding actions were mostly spread across services. There were often reasons for the delay in updating an action, as risks did not stand still.

Ian Dyson said that it would be more useful to members if he reported on the actual actions which were outstanding, and said that these could be brought to Regulatory and Audit Committee or to the Risk Management Group. Members discussed this and agreed that these should be reported to the Regulatory and Audit Committee quarterly, and if necessary would be presented in closed session.

9   EXTERNAL AUDIT OPINION AUDIT PLAN 13/14 (FOR BCC ACCOUNTS AND FOR PENSION FUND ACCOUNTS)

Iain Murray and Paul Grady from Grant Thornton presented the External Audit Opinion Plan for Buckinghamshire County Council. The Plan set out the proposed audit work for the Audit of financial statements and the Value for Money conclusion 2012-13.

The Plan set out the overarching risks which informed the work of the external auditor. The Value for Money conclusion was an assessment of the arrangements underpinning the decisions which the Council made.

The Plan did not include reference to the Pension Fund. A separate plan for the Pension Fund would come to the next meeting.

Iain Murray and Paul Grady noted the following:
- The Council would experience increased demand for services following demographical changes and changes in Government policy.
- The Transformation programme was central to the delivery of Council savings.
- The Council was committed to becoming a smaller commissioning Council, and was working on new models of delivery, including the Buckinghamshire Learning Trust and the Adults Local Authority Trading Company.
- The Council had recently signed a contract to build an Energy from Waste facility.
- Constitutional changes were also being made, e.g. changes to the Overview and Scrutiny function.

Grant Thornton would audit the Accounts, Annual Governance Statement and the whole of the Government Accounts return.

The audit was risk-based. Page seven onwards listed the risks which had been identified during the planning and review of the national risks affecting the sector. The risks for operating expenses and for employee remuneration had been evaluated as medium risks due to their sheer value and scale.

Significant risks which had been identified were described on page 10. These were inherent industry-standard risks.

Results of interim audit work were on page 12 and following.

A member asked how Grant Thornton had settled in as the new external auditors. Paul Grady said that they had settled in well, and that they held regular meetings with Council officers.

The Chairman said that he was pleased to hear that overall there was a low audit risk. The Chairman asked if the planned timetable would be followed smoothly, and Paul Grady said that it would be.

A member noted that there was a typing error on page 15, and that the planning commenced in November *2012.*

The Committee noted the 2012-13 Audit Plan for Buckinghamshire County Council

10   GRANT THORNTON 13-14 FEE LETTER

Paul Grady presented the fee letter for 2013-14. Paul Grady told members that the bulk of the work contained in the fee would only start in November 2013.

The fee was fixed for five years, so the fee was the same for 2013-14 as it had been for 2012-13. However any additional work arising from queries from members of the public might increase the fee.

The scope of the audit would remain the same, as would the audit outputs.
The Audit Team at Grant Thornton would remain the same as in 2012-13.

Page 27 showed the deadlines for the various pieces of work.

The Regulatory and Audit Committee noted the fee letter for 2013-14.

11   FORWARD PLAN - STANDING ITEM

The Committee noted the Forward Plan and made changes following discussions at the meeting.

12   DATE AND TIME OF NEXT MEETING

Any other business

Training for new members
The Chairman thanked officers and Grant Thornton for the training they had held for new members. David Martin said that he had found the training invaluable.

Risk Management Group
The Chairman told members than an email had been sent out about membership of the Risk Management Group. All members of the Regulatory and Audit Committee were welcome to attend the Group, and meeting dates would be circulated.

Email from Dr Evershed
An email had been sent to members from Dr Evershed. The issues raised had largely been covered in the past. A draft response would be sent to members before it was sent out.

Start time of meetings
A member proposed that Committee meetings should start at 9am, as there were a number of items on meeting agendas. Members agreed that meetings should start at 9am.

Future meetings:
27 June 2013, 9:00am, Mezzanine Room 1, County Hall, Aylesbury
11 July 2013, 9:00am, Large Dining Room, County Hall, Aylesbury

CHAIRMAN