

# Minutes

## *REGULATORY AND AUDIT COMMITTEE*

**MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON WEDNESDAY 8 NOVEMBER 2017 IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 9.00 AM AND CONCLUDING AT 11.10 AM.**

### **MEMBERS PRESENT**

Mr T Butcher (Vice-Chairman)  
Mr M Farrow  
Mr D Martin (Chairman)  
Mr P Martin  
Mr D Watson  
Mr G Williams

### **OTHERS IN ATTENDANCE**

Ms R Bennett, Committee Assistant  
Ms J Edwards, Pensions and Investments Manager  
Ms L Forsythe, Deputy Monitoring Officer and Corporate Governance Lawyer  
Ms M Gibb, Head of Business Assurance  
Mr P Grady, Engagement Lead, Grant Thornton Auditors  
Ms S Harlock, Audit Manager  
Mrs K Mitchelmore, Corporate Complaints Manager, BCC  
Mr R Schmidt, Head of Strategic Finance, Assistant Service Director (Strategic Finance)  
Ms C Scholes, Complaints Officer  
Mr T Slaughter, Executive, Grant Thornton Auditors

### **1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP**

Apologies had been received from Mrs Glover.

### **2 DECLARATION OF INTERESTS**

There were no declarations of interest.

### **3 MINUTES**

The following action updates were given following the meeting held on 6 September 2017.

#### **Debt Management**

There would be a dedicated Risk Management Group to discuss debt management on 16 January 2018, which all Regulatory and Audit Committee members would be invited to attend. Mr M Strevens was to then update the Committee meeting on 31 January 2018.

#### **Business Continuity Management**

Mr A Fyfe, Head of Resilience and Community Safety would provide an update to the Committee in September 2018.

#### **SAP Controls**

Mr M Ward had emailed members of the Committee with an update following confirmation from Grant Thornton's IT auditors regarding the RAG status of the recommendation.

#### **Contract Management and Commissioning**

Following Mr N Gibson, Executive Director Transport, Economy and Environment, attending the Committee in September, Members were invited to 'Members role in Commissioning' event. Unfortunately, this was subsequently cancelled due to officer availability and would be explored again in the new year.

#### **Appointment of External Auditors**

It was requested that the wording in the minutes be amended to 'The Committee discussed and agreed **to recommend to Council** the appointment of the County Council's external auditors'.

**RESOLVED: The minutes from the meeting held on 6 September 2017 were agreed and signed by the Chairman.**

### **4 TREASURY MANAGEMENT UPDATE**

Mr G Williams, Deputy Cabinet Member for Resources and Ms J Edwards, Pensions and Investment Manager attended the meeting to present the Treasury Management Update report and the Prudential Indicators for 2017/18 to 2020/21.

The report set out the following recommendation:

**The Committee RECOMMENDS to Council the Treasury Management Update Report and the Prudential Indicators for 2017/18 to 2020/21.**

Mr Williams highlighted the following points:

- The net borrowings were stated as £166m with investments at £13.3m. The Council's current strategy is to maintain borrowing and investments below their underlying levels to reduce risk and keep interest rates low
- The Council was reducing its exposure to uncertain refinancing risk represented by the inherent optionality of LOBOs (Lender Option Borrower Option) and reduce the average term of the debt portfolio
- Changes to the Treasury Management Codes following the review and consultation by CIPFA

The Committee highlighted and discussed the following points:

A Member of the Committee asked why it was proposed to drop or alter some of the current treasury management indicators; Mr Williams confirmed that this was due to the CIPFA review and changes in the code of practice.

It was requested that going forward the Committee be provided with data in the reports that would allow them to easier compare actuals against the budget in order to understand better the current position of the budget in line with expectations. It was also requested that the report included budget history to be able to see how performance is going year on year.

**Action: Ms Edwards**

Following discussion, Mr Williams confirmed that the LOBO loans were predominately issued in 2008 from various banks and these were now being reviewed as rates had begun to increase.

The Committee asked for confirmation on the £25m new borrowing being taken out from the Public Works Loan Board (PWLB) prior to completion of investment in a commercial property. It was agreed that due to the commercially sensitive nature of the information an update would come to the committee in January 2018 in the confidential part of the meeting.

**RESOLVED: The Committee RECOMMENDED to Council the Treasury Management Update Report and the Prudential Indicators for 2017/18 to 2020/21.**

## **5 COMPLIMENTS AND COMPLAINTS - ANNUAL REPORT**

Mrs K Mitchelmore, Team Leader Corporate Complaints and Mrs C Scholes, Complaints Officer attended the committee to present the annual report on Compliments and Complaints.

Mrs Mitchelmore highlighted the following points:

- It was the first time that the new annual report had been reported to the committee, this was now a combined report covering complaints and compliments across the organisation
- Complaints were a 2/3 and compliments 1/3 of the overall number submitted
- Both compliments and complaints had seen an increase on 2016/17

- There were three complaints procedures all with different response times. The corporate response time being 28 days with the average response time being 31.8 days
- Mrs Mitchelmore highlighted the overview of Children's and Adult Social Care complaints as detailed in the report. Mrs Mitchelmore stated that the both these areas were complex which could explain the longer response times and those not being addressed at the first stage
- Most common causes for complaints to be submitted were quality of service, communication issues, staff conduct and the outcome of a decision or assessment

Mrs C Scholes highlighted the following points:

- Stage 2 corporate complaints were significantly up on last year, although 18 of these were in relation to a single issue, where members of the public had been encouraged to complain to the Council
- Highlighted the stage 1 complaints that had been escalated with 13 partially upheld and eight were fully upheld. This could show the need to improve stage 1 handling of complaints
- The importance of the quality of responses and not just the turnaround time
- The Ombudsman were now called the Local Government and Social Care Ombudsman. Out of the 59 cases reviewed by the Ombudsman this year eight were upheld (in comparison to five last year)

Mrs Mitchelmore updated the Committee that there was currently a review of the corporate complaints process. Workshops had taken place and an Improvement Plan had been developed. The main areas of improvements were highlighted as follows:

- Improving internal response time from 28 days to 10 calendar days which went live on 1 October 2017 for stage 1 complaints
- Improvements in the quality of responses
- Strengthen accountability in Business Units
- Improved learning
- A lead officer within each Business Unit
- Procuring a new IT system to record and respond to complaints

The Committee raised and discussed the following points:

- The importance of ensuring continuous improvements through lessons learnt and in particular how this would link to outcomes.
- Indicators to allow the team to report against quarterly. Mrs Mitchelmore confirmed that this was all part of the Improvement Plan.
- The committee discussed what made a complainant persistent or vexatious and how this was assessed. Mrs Mitchelmore confirmed that the policy set this out and would allow staff to manage complaints in a better way. The Chairman requested that the Policy for Vexatious and Persistent complainants be brought back to committee for review.

**Action: Mrs Mitchelmore**

- The 28 day response deadline was discussed and the need for this to be brought down in line with other authorities. In particular response times in TEE were discussed as currently an average of 37 days. The committee questioned if there were particular areas that are creating these delays and if some analysis could be completed.

**Action: Mrs Mitchelmore**

- The analysis of the Council's statistics showed quality of service as the biggest factor; although Mrs Mitchelmore confirmed that the statistics did encompass a wide range of complaints across all service areas.
- The need to define quality of service against statutory obligation versus aspirations was also discussed. It was suggested that ASC (Adult Social Care) and CSC (Childrens Social Care) in particular had information for service users that outlined the difference between the two. Mrs Mitchelmore agreed to feed this back to colleagues.

**Action: Mrs Mitchelmore**

- The Committee asked for an update on how the Improvement Plan was progressing in particular lessons learnt.

**Action: Mrs Mitchelmore**

**RESOLVED: The Committee NOTED the report.**

## **6 PETITIONS REVIEW**

Mrs L Forsythe, Deputy Monitoring Officer and Corporate Governance Lawyer presented the report on the Petitions Review which set out the findings and management action plan following a review of the current process.

The Committee were asked to agree the following recommendation:

**The Committee were asked to:**

- 1. NOTE the review findings.**
- 2. COMMENT on the management actions proposed to improve the experience of petitioners and effectiveness of the scheme.**
- 3. AGREE the principle of introducing a time limit on the maximum length of time for the Council to respond to a petition and for a detailed proposal to come back to the Regulatory & Audit Committee on how this could be implemented.**

The Committee highlighted the importance of being able to verify those signing online petitions and ensuring they lived in Buckinghamshire. Mrs Forsythe also confirmed that paper petitions would still be accepted.

**RESOLVED: The Committee NOTED the findings in the report, AGREED the proposed management actions, AGREED the principle of introducing a time limit to responding to petitions and AGREED for a detailed proposal to come back to Committee once developed.**

**Action: Mrs Turnbull/Ms Bennett**

## **7 EXTERNAL AUDIT - VALUE FOR MONEY STATEMENT**

Mr P Grady and Mr T Slaughter, External Auditors, Grant Thornton attended the meeting to present the Value for Money (VfM) audit update for the Council.

Mr Grady highlighted the following points:

- The VfM statement was usually issued with the accounts opinion, however this year the conclusion was delayed at the request of management to allow Grant Thornton to take account of a planned Ofsted monitoring review that was reported in August 2017, this was still within the statutory deadlines.
- The Council continued to make significant progress in addressing the inadequate rating given in August 2014 and an Ofsted inspection was imminent.
- Based on Grant Thornton's review, with the exception of the arrangements for the management of children's services, they anticipated being satisfied that in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.
- Because of their continuing concerns regarding children's safeguarding, Grant Thornton's final VFM statement will be one of Qualified Assurance.
- In all other respects Grant Thornton were satisfied that the Council had demonstrated that they had appropriate arrangements in place for securing economy, efficiency and effectiveness.

The Committee discussed the approach when auditing to any significant underspending as well as areas of overspends and if this were taken into consideration. Mr Grady confirmed that the outcomes of the assessment were the main focus however any overspend or underspend would be taken into consideration as part of that assessment if the outcomes were affected.

**RESOLVED: The Committee NOTED the report.**

## **8 BUSINESS ASSURANCE UPDATE AND AUDIT ACTION TRACKER**

Ms M Gibb, Head of Business Assurance and Chief Internal Auditor and Mrs S Harlock, Audit Manager attended the committee to provide an update on business assurance and the audit action tracker. The report included any work that had been delivered since the last report to committee in July 2017.

The following updates were reported:

- Risk Management – the new risk management system (now called Pentana) was continuing to be embedded across the organisation. Workshops with business units had taken place and a new escalation process had been introduced
- Internal Audit – eight audits had been completed all with reasonable assurance ratings

The Committee discussed the following points:

- The inconsistency with expenses claims; the committee asked that an update be provided on work in this area

**Action: Mrs Harlock**

- The Committee asked when they would see the report on IR35 and what was in scope. Mrs Harlock confirmed that this was currently in draft format and a report would be provided at the January 2018 meeting.

Mrs Harlock continued to update the Committee on the following areas of work:

### **Internal Audit Action Tracker**

The audit actions had recently been uploaded to the corporate risk and audit system (Pentana), and the Assurance team were currently launching the new process for updating the actions across the Business

Units. The new process included an escalation process for completed actions to be “signed off” by the Service Directors as an additional level of accountability.

### **Business Assurance**

The Assurance and Risk Strategy update had been delayed until January 2018 as this needed to be developed in line with the work on the Local Code of Corporate Governance.

### **Audit Plan**

At their last meeting the Audit Board had suggested some changes to the audit plan, a report would be provided to the committee in January 2018.

A Member of the Committee commented that those areas listed on the action plan were at a high level and wanted assurances that the team were ensuring that all necessary areas including those at a lower level were being looked at. Ms Gibb confirmed that there were other audit areas that were not yet on the audit plan due to limited resource, however reassured the committee that the team were comfortable with the level of assurance they currently provided and that high risk areas were covered. Medium areas would be included in the plan in Quarter 4 if resource allowed

The Committee also discussed the Counter Fraud plan and activity, Mrs Harlock highlighted Fraud Awareness Week that would take place in December 2017 internally for staff.

**RESOLVED: The Committee NOTED the update report.**

## **9 ANNUAL GOVERNANCE STATEMENT ACTION PLAN**

Ms Gibb presented the Annual Governance Statement Action Plan. The 2016/17 Annual Governance Statement (AGS) was presented to the Regulatory and Audit Committee in July 2017. The AGS included an action plan to address the weaknesses identified in the statement, and the report detailed the current status of implementing those actions.

Ms Gibb gave the following mid-year updates:

### **Business Continuity Plans (BCPs)**

The action looked at the completeness of BCPs and their application across the organisation. Mr Fyfe, Head of Resilience and Community Safety had attended the committee in September 2017 and all actions were on track. This would be reported to the committee on a quarterly basis going forward.

### **Operating Framework**

Following reviews in the summer it was agreed that the operating framework would be replaced with a Local Code of Corporate Governance (LCCG) within the organisation. A draft of LCCG would be taken to the Committee meeting in January 2018 for approval to be implemented by March 2018.

### **Data Quality**

There had been significant improvements in this area under the new arrangement. It was anticipated that this would have embedded into the organisation and be seen as business as usual by March 2018.

### **Contract Management**

This action was on target and an update would be provided to the Committee in January 2018. Officers were confident that improvements would be implemented by March 2018.

### **Partnership Working**

A Partnership Framework was being developed and a key partnership register would be put in place. It was noted full implementation would be completed before the financial year end. Another update on this will come to Committee in April.

**RESOLVED: The Committee NOTED the report.**

## **10 ANTI-FRAUD AND CORRUPTION STRATEGY UPDATE**

Ms Gibb presented the Anti-Fraud and Corruption Strategy update and noted the incorrect spelling in the report title that would be corrected.

The update included amendments made following comments from Committee Members at the September 2017 meeting.

**The Committee were asked to approve the Anti-Fraud and Corruption Strategy.**

**RESOLVED: The Committee APPROVED the Anti-Fraud and Corruption Strategy**

## 11 ANTI-MONEY LAUNDERING POLICY

Ms Gibb presented the Anti-Money Laundering Policy. The policy had been delayed from the previous meeting due to new legislation that had come out in July 2017 which needed to be considered as part of this policy.

The Committee discussed the impact of the policy and who would be affected. Mrs Forsythe confirmed that this policy was developed for awareness across the organisation but that it could involve property transactions the County Council undertakes (for example).

Staff would be made aware of the policy as part of Fraud Awareness Week in December 2017 and it was hoped that e-learning will be developed for staff.

The Committee confirmed that they would like to see e-learning data going forward for mandatory training and for money laundering to be included.

**Action: Ms Gibb**

A Member of the Committee asked if the Council ensured Finance colleagues took seven days leave consecutively. Mr Schmidt confirmed that he did not understand this to be a requirement. Mr T Butcher asked that this be considered.

**Action: Mr Schmidt**

The Committee requested the following changes to the Policy:

- Paragraph 2.3: *Should* replace *will* to make this mandatory and not discretionary.
- Paragraph 5.1: *Within hrs* should be replaced with *at earliest practicable opportunity*.

Ms Gibb agreed to take proposed changes back to the Corporate Management Team for consideration.

**Action: Ms Gibb**

**RESOLVED: The Committee AGREED the revised policy subject to changes suggested.**

Ms Gibb to circulate the final version of the policy to Committee members.

**Action: Ms Gibb**

## 12 FORWARD PLAN

Ms Gibb presented the forward plan and highlighted the following items to be added to the January 2018 meeting:

- Contract Standing Orders Exemptions/Breaches
- Corporate Debt Management Strategy
- Contract Management Improvement Plan update
- Treasury Management Strategy

**RESOLVED: The Committee NOTED the forward plan.**

**13 DATE AND TIME OF NEXT MEETING**

Wednesday 31 January 2018, Mezzanine 1, 9am

**14 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

**That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)**

**15 CONFIDENTIAL MINUTES**

**RESOLVED: The confidential minutes from the meeting held on 6 September 2017 were agreed and signed by the Chairman.**

**16 LIMITED ASSURANCE INTERNAL AUDIT REPORTS**

Ms Gibb updated the Committee.

**17 FRAUD UPDATE (VIA STATUTORY OFFICERS GROUP)**

Ms Gibb confirmed that there was no update on fraud activity and that a full report would come to the Committee in January.

**CHAIRMAN**