

Minutes

REGULATORY AND AUDIT COMMITTEE

**MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON
WEDNESDAY 31 JANUARY 2018 IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY,
COMMENCING AT 9.00 AM AND CONCLUDING AT 10.40 AM.**

MEMBERS PRESENT

Mr R Bagge
Mr T Butcher (Vice-Chairman)
Mr D Dhillon
Ms N Glover
Mr D Martin (Chairman)
Mr P Martin
Mr D Watson

OTHERS IN ATTENDANCE

Ms R Bennett, Committee Assistant
Ms L Forsythe, Deputy Monitoring Officer and Corporate Governance Lawyer
Ms M Gibb, Head of Business Assurance
Mr R Schmidt, Head of Strategic Finance
Mr T Slaughter, Executive, Grant Thornton Auditors

1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

The Committee were advised that Mr Steve Bowles had stepped down with Mr Ralph Bagge joining the Committee.

Apologies were received from Mr Martin Farrow.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES

The following comments were raised concerning the minutes of the meeting held on 8 November 2017.

- The actions for Ms J Edwards had been completed.
- Compliments and Complaints would report back to committee in a years' time.
- The Petitions review would report back to the committee in July 2018.
- All other updates would be picked up under items at the meeting.

RESOLVED: The minutes from the meeting held on 8 November 2017 were agreed as a correct record and signed by the Chairman.

4 CONTRACT STANDING ORDERS EXEMPTIONS/BREACHES

Mr R Schmidt, Head of Strategic Finance presented the Contract Standing Orders Exemptions/Breaches report to the Committee and highlighted the following points:

- Similar exemptions to last year had been reported with the value reduced slightly.
- One exemption had been removed as the relevance was successfully challenged.

Following a question from the committee Mr Schmidt confirmed that the sign off of the exemptions had been delegated to him by the S151 Officer. Mr Schmidt confirmed that these could be escalated if necessary and that all exemptions were signed off by the relevant Executive Director.

It was also noted that there had been no further mystery shopping cases but Mr Schmidt suspected that this was due to the governments system recently having issues.

RESOLVED: The Committee NOTED the report

5 CORPORATE DEBT MANAGEMENT STRATEGY

Mr M Strevens, Corporate Finance Business Partner attended the Committee to update Members on the development of the Corporate Debt Management Strategy. Mr Strevens highlighted the following points:

- Debt management had recently been reviewed by the Risk Management Group (RMG) and comments from this session were actions in progress.
- Levels of debt were reducing but needed to come down further.

Mr Strevens highlighted the following updates in relation to the progress on the updated Debt Management Strategy:

- A task and finish group was created in December 2016 to address the levels of debt within business units.
- Three key timeframes had been including in the reporting, December 2016 as a baseline, April 2017 as year-end and November 2017 as latest position.
- Debt in total had fallen and level of sales had increased. Debt had fallen from 25.5% to 15.5% which included secured debt in Adult Social Care There had been an 8.3% to 5.1% reduction in unsecured debt. Mr Strevens confirmed that this excluded any sales where payment had been taken in advance and that moving to online payments in advance was being implemented where possible.
- There had been spikes in the number of invoices falling into the agedness category and these were being investigated within the business units.
- There had been an additional post recruited to look at the most aged debt and following work carried out this had been reduced from £2.1m to less than £0.8m. The post was due to finish in January 2018 and actions for each Business Unit would be taken forward by the relevant Finance Director.
- Monthly reports were produced for the Corporate Management Team (CMT) and base data was also provided to the finance team to drill down in to.
- There had been a new process in SAP to remind managers when debts were overdue and dunning codes had been refreshed to give more clarity regarding the status of the debt.
- Adult Social Care (ASC) had seen an increase in the uptake of Direct Debit payments which was now over 70% of clients.
- Bad practices and inconsistency had been addressed with workshops and training taking place with those that raise invoices. These workshops would be rerun to embed best practices.
- Going forward there would be a new model of operation with a central debt management team, with there being process changes such as when debts are 5 days overdue the BU would be alerted and the central team would be able to take over the debt, unless the BU stated how they are going to recover the debt themselves.

The Committee raised and discussed the following points:

- If the impact of writing debts off had an impact on the annual accounts or if provisions were made. Mr Strevens confirmed that there were provisions made for bad debts, but any impact on the accounts would depend on the magnitude of the requirement to write off debts.
- A member of the committee requested that data be provided about the agedness of the debt when reporting on those that had been written off.

ACTION: Mr Strevens

- A member of the committee asked when the report from the debt management post would be available. Mr Strevens confirmed that the post was ending at the end of January 2018 and following this a report would be shared with the business units. This would give recommendations on debt that could be recovered and the debt advised to be written off. Mr Strevens also stated that this process would now become business as usual and would be kept under review.
- The committee discussed cancelled debts and those written off to be treated in the same way in particular those over £10k and for the S151 officer to have sight of them. Mr Strevens agreed to feedback the suggestion.

ACTION: Mr Strevens

- Mr Strevens confirmed that new starters would receive the same training as given in recent workshops and that ongoing training would be provided going forward to ensure consistency and best practice when raising invoices.

The Corporate Debt Management Strategy would be put on the forward plan for a future meeting.

ACTION: Ms Gibb

RESOLVED: The Committee NOTED the report

6 TREASURY MANAGEMENT STRATEGY

Mr G Williams, Deputy Cabinet Member for Resources and Ms J Edwards, Pensions and Investments Manager attended the Committee to ask Members to consider the Council's Annual Treasury Management Policy Statement, Treasury Management Strategy Statement, Annual Investment Strategy and the Minimum Revenue Provision Policy Statement for 2018/19, together with the Prudential Indicators for the next four years before they are submitted to Council at its meeting on 22 February 2018.

Mr Williams highlighted the following points:

- The report set out The Council's treasury portfolio position as at 31 December 2017 which stood at £213m net borrowing.
- Borrowing was still through the Public Works Loan Board with a preferential rate and the County Council still had some of their Lender Option Borrower Option (LOBOs) in place, the remaining of which were under review.
- The report also highlighted the interest paid on loans.

The Committee raised and discussed the following points:

- The Strategy was to run for four years however it was felt that this seem too long. Ms Edwards confirmed that the strategy statements were for one year. The Prudential Indicators were for four years, 2018/19 to 2021/22. They were reviewed on a yearly basis.
- A member of the committee asked to be able to see a cash flow plan. Mr Williams stated that the treasury cash position were a snapshot at any one time due to e.g. managing wage bills and that the Council wouldn't know what their investments will be as part of the Property Strategy. Mr Schmidt agreed to give some thought to providing a cash flow plan.

ACTION: Mr Schmidt

- A member of the committee asked if historic loans had been reviewed to see if they could be rescheduled or new loans taken out. Mr Williams commented that this was something already undertaken by the Treasury Management Group. The committee gave a steer that where there was a business case to repay or reschedule loans then they should be.
- The Chairman requested that the wording in paragraph 18 on page 11 be reworded to the committee should have oversight and scrutiny rather than implementation.

ACTION: Ms Edwards

- The Chairman questioned the use of standalone financial derivatives and asked for assurances of the decision making process. Mr Williams advised the committee that he did not believe there to be any current derivatives and that the implementation of these would go through the Treasury Management Group. Mr Williams agreed that how these would be agreed would be added to the strategy

ACTION: Ms Edwards

RESOLVED: The Committee AGREED the recommendations as set out in the report.

7 BUSINESS ASSURANCE STRATEGY UPDATE

Ms M Gibb, Head of Business Assurance and Chief Internal Auditor updated the Committee on the Business and Assurance Strategy and changes to the internal audit plan due to reacting to unplanned activity.

Ms Gibb highlighted the following points:

- The report provided an update on the work delivered by the Business Assurance Team since the last Regulatory and Audit Committee.
- The team had a resource of eight with external support drawn down from the London Borough of Croydon framework.
- Risk Management training was continuing to be delivered with most of the organisation now trained. E-learning had been developed
- There had been a refresh of all the business unit risk registers including a clear escalation process.

- Transport for Bucks had also been added to the risk management system having worked with the provider to give them their own portal which enabled them to escalate risks over to the County Council if they believed to be an impact.

Ms Gibb ran through the most recent audit activity and the internal audit tracker which she stated was now on the corporate risk management system and reported into business unit boards on a quarterly basis.

Ms Gibb stated that the Assurance and Risk Strategy were due to come to this meeting but they were in the process of producing a Local Code of Practice and part of that included an Escalation Protocol. These would be report back to the committee at a later date and would be rolled out over the next financial year.

ACTION: Ms Gibb

An IR35 review had been carried out due to changes in personnel and the HR team there had been concerns raised. Ms Gibb confirmed that a new senior officer was now in post and a number of audit actions had already been addressed. A full audit would be carried out in six months' time. The committee discussed the data of vendors within the system. Mrs Harlock gave an explanation of the work being carried out particularly within Children's to ensure data quality.

The Chairman thanked the team for their continued hard work.

RESOLVED: The Committee NOTED the update report.

8 RISK MANAGEMENT GROUP UPDATE

Ms M Gibb, Head of Business Assurance and Chief Internal Auditor updated the Committee on the Risk Management Group meetings held on 7 December 2017 and 16 January 2018 which focused on debt management across the organisation.

The Children's Services Improvement programme manager had attended the December 2017 meeting to give an update on risk management within the programme. It was noted at the meeting that this was a work in progress with the transfer of risks to the new risk management system and the need for the pace to be urgent in updating those risks.

Financial risks in Children's Services were reported in to both the December 2017 and January 2018 meeting with recruitment and retention being a particular area discussed. There had been various work to address this including 'Grow Your Own' initiative. An update was also given on the Change for Children programme. Increased demand into the service was also being addressed with the Early Help review and the SEND programme which was underway.

It was reported that Communities Health and Adult Social Care Risk Registers were under review including those associated to the CHASC Transformation programme. These would be reported back to RMG at the February 2018 meeting.

The Chairman stated that risks with Children's Services were of principle concern with the recent Ofsted report highlighting a number of risks that would need to be translated on to the risk register. Ms Gibb confirmed that she would be meeting with the Children's Services Executive Director.

RESOLVED: The Committee NOTED the update report.

9 FORWARD PLAN

Ms M Gibb, Head of Business Assurance and Chief Internal Auditor ran through the forward plan for the Committees in April, May and July.

RESOLVED: The Committee NOTED the forward plan.

10 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)

11 CONFIDENTIAL MINUTES

RESOLVED: The confidential minutes from the meeting held on 8 November 2017 were agreed as a correct record and signed by the Chairman.

12 BUSINESS ASSURANCE STRATEGY UPDATE (LIMITED ASSURANCE AND FRAUD UPDATE)

13 CONFIDENTIAL BREACHES UPDATE

14 DATE AND TIME OF NEXT MEETING

Ms Gibb advised that the next meeting would move from 11 April to 12 April.

Action: Miss Bennett

CHAIRMAN