Cheltenham Borough Council Audit, Compliance and Governance Committee Minutes

Meeting date: **24 January 2023**

Meeting time: **6.00 pm - 7.15 pm**

In attendance:

Councillors:

Paul McCloskey (Chair), David Willingham (Vice-Chair), Matt Babbage, Tabi Joy, John Payne and Tony Oliver

Also in attendance:

Paul Jones (Executive Director of Finance, Assets and Regeneration), Lucy Cater, Mike Redman (Director of Climate Change and Place Services), John Chorlton (Chief Technology Officer, PUBLICA) and Claire Hughes (Monitoring Officer)

1 Apologies

Apologies were received from Councillor Bamford. Councillor Oliver attended as his substitute.

2 Declarations of interest

There were none.

3 Minutes of the last meeting

The minutes of the meeting held on 23 November 2022 were unanimously approved by Members who attended the meeting, and signed by the Chair as a true record.

4 Public and Member Questions

There were none.

5 Internal Audit Monitoring Report

The Assistant Director of SWAP introduced her report, which presented an update of work undertaken since the last meeting, and a list of recommendations to be followed up, two of which have been actioned since the report was drafted. With work about to start on the draft Audit Plan for the coming year, she invited Members to suggest any areas they would like to be included.

A Member said, as Chair of Licensing and very aware of the importance of taxi safeguarding, he welcomed the fact that the licensing team felt able to ask for this to be looked at and to receive constructive criticism from someone outside the process. He thanked the SWAP team for undertaking this important work.

In response to Member questions, the Assistant Director, SWAP, confirmed that:

- with the introduction of a new, more flexible approach to audit, a core set of audits will be carried forward, with the introduction of an audit liaison whereby auditors talk to (MIKE?) on a quarterly basis to identify areas which need auditing at that particular time rather than sticking to a fixed audit plan. This will give more flexibility and also reflect the resources in the team;
- regarding the lack of KPIs from Publica and Members' suspicions about the reliability of what they are telling Overview and Scrutiny Committee about their performance, the agreed actions will be followed and a piece of work will be undertaken by SWAP to investigate the matter;
- auditor judgement is used in the metrics system of priorities and red/amber/green flags – a score may be brought down by some consideration or observation in the report which is noted but doesn't warrant any action or recommendation;
- she was unable to comment on what was being audited in respect of the Minster Exchange project as a different SWAP team was doing that piece of work. She believed they had all the information they needed and that the draft report was with Cheltenham;
- where an item is listed as 'in progress' it is being worked on by the team – it isn't a euphemism for being late; although it might be helpful to have a 'due date' on the reports, this would not work with the new flexible audit plan;
- regarding management of risk, the model used to assess CBC's risks (identifying Levels 1, 2 etc) was introduced by the Executive Director for Place and Communities. This can be shared with Members if they wish, to give them the full context.

A Member asked whether, with Clearview going into administration, it was inevitable that the council will be relying on third party providers for data processes and software, and whether it was under SWAP's remit to identify vulnerabilities and ensure strategies were in place to deal with them. The Chief Technology Officer confirmed that his team was involved in the Clearview recovery, that the data was retrieved and a new system set up by CBC within three days, and this was running until a new provided could be found. This would have been included in the contract when Clearview was procured. He confirmed that the ongoing risk of other third

parties failing is a major consideration, and whereas historically CBC concentrated on internal risk with all systems within the council's boundaries, the focus was moving to the external third party supply risk, working with different parts of CBC to ensure the correct contracts are in place. Building this into the total cost of ownership enables good decisions whether to host internally or externally.

Returning to an earlier Member question concerning the Minster Exchange, the Executive Director for Finance and Assets confirmed that a draft report had been written and was being reviewed for factual accuracies and timelines, with a firm commitment the outcome of the review by Overview and Scrutiny Committee will determine at what level the report is scrutinised at this committee to avoid duplication of effort.

No vote was required on this item.

6 Work Programme

The Chair asked for an explanation as to why items on the Work Programme have been delayed, some several times. The Executive Director for Finance and Assets confirmed that the national shortage of audit professionals had resulted in audit delays. The added complication this year was the debate on infrastructure assets, and the combination of these issues meant that it hadn't been possible to meet the November or January deadlines. Having spoken with Grant Thornton about a realistic date for formal sign-off, this should be in time for the extraordinary meeting on 9 March but could have to be cancelled if not. He added that Cheltenham isn't in a minority here – a number of councils still have 2-3 years of accounts waiting to be signed off.

He confirmed that items can be added to the workplan at any point, and it is reviewed at every meeting to ensure that Members are happy with it.

The Chair asked about governance, and whether enough consideration was given to it, bearing in mind that it is one third of the committee's name. He was conscious, in particular, that the agenda item 'Annual Governance Statement' had been pushed back three times, and wanted Members to be clear in their own minds that compliance and governance were being adequately considered. Also, there had been six meetings this year, but the annual review of risk management policy had not yet been discussed – he suggested that this should be high on the priority list for the following work plan.

7 Any other item the chairman determines to be urgent and requires a decision

There was none.

8 LOCAL GOVERNMENT ACT 1972 - EXEMPT INFORMATION

Members voted on the following resolution, as recommended:

"That in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is

likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraphs 3 and 7, Part (1) Schedule (12A) Local Government Act 1972, namely:

Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Paragraph 7: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime."

The resolution was approved unanimously, and the meeting moved into exempt session.

9 IT Security Update

The Chief Technology Officer (Publica) presented his report and responded to Members' questions. No vote was required on this item.