

AUDIT AND GOVERNANCE COMMITTEE
Friday 26 April 2019

Present:

Mr M Knowles

Councillors Scullion, Trueman and P Wood.

In Attendance:

Jon Ritchie (Executive Director of Corporate Services) Tracy Davis (Assistant Head of Assurance), Graham King (Assistant Head of Adult Services) Owen Thomas (Deputy Data Protection Officer), Diane Harold (Mazars) and Gillian Kelly (Principal Governance Services Officer)

Declarations of Interest

There were no declarations of interest.

Apologies for Absence

Apologies for absence were received from Mr Cook and Councillor Stewart.

Minutes

26. RESOLVED that the minutes of the meeting of the Committee held on 8 February 2019 be confirmed as a correct record.

Graham King, Assistant Director of Adult Services was in attendance to provide an update on the work which had been done to address the recommendations which had been made following the audit of Personal Budgets in December 2017.

There had been 46 recommendations made as a result of the audit, some of which had been significant in nature and there remained 19 recommendations to be fully or partially implemented. These were essentially around the validation process and a working party had recently concluded development of a robust validation process. It had been hoped to have this in place by the end of March, however this had not been possible but the implementation of the new process would now begin during the week commencing 6 May 2019.

The Chair thanked Graham for the update.

Annual Governance Review 2018/2019 (including Annual Governance Statement)

The Executive Director of Corporate Services submitted a report which provided details of the 2018/2019 Annual Governance Review, the Risk and Assurance Map at the end of the year and the Internal Audit opinion on the adequacy of the overall system of internal control. An updated Local Code of Corporate Governance, draft Annual Governance Statement and an improvement plan for the year ahead were also included.

The Annual Governance Review was undertaken by gathering assurance from several sources including Heads of Service, Executive and Corporate Directors, specialist functions, Risk and Assurance Team, Internal and External Audit and other external agencies. The assurances gathered were shown in the Risk and Assurance Map which was reviewed on a quarterly basis and presented to the Chief Officers Group and Audit and Governance Committee throughout the year.

The findings of the Annual Governance Review were taken into account in the Annual Governance Statement which was attached at Appendix 3 of the report.

The assurance provided by the Risk and Assurance Map work undertaken during the year was set out within the report and the opinion of the head of internal audit, which had been reported to the Committee, continued to be that the Council had an adequate system of internal control. The Council continued to have robust and effective corporate governance arrangements in place with improvements to Children's Safeguarding being overseen by the Chief Executive and the Operational Commissioning Group. The views elicited during the review demonstrated that the principles of good governance continued to be embedded Council-wide.

Diane Harold advised that she had carried out an early review of the Annual Governance Statement and had discussed this with Internal Audit and found no issues. Mr Knowles commented that this indicated that the Council's systems and evidence could be relied upon.

Having considered the report, the Committee: -

27. RESOLVED that: -

- (i) the report and the Risk and Assurance Map at Appendix 2 be noted;
- (ii) the Improvement Plan at Annex 1 to the Annual Governance Statement be agreed; and
- (iii) the draft Annual Governance Statement at Appendix 3 be agreed.

Review of Internal Audit

The Executive Director of Corporate Services submitted a report informing the Committee of the results of the review of Internal Audit which had been undertaken by the External Auditor, Mazars.

The Committee were advised that the Public Sector Internal Audit Standards (PSIAS) and CIPFA Application Note require that every local government internal audit service is subject to an external assessment of its work against the standards at least once every five years. The Council's External Auditor, Mazars had undertaken a review against these standards in December 2018.

The review concluded that Internal Audit was compliant with the standards and highlighted areas of good practice in relation to: -

- Integrated Assurance Framework
- Audit Manual and MKI e-audit system
- Proficiency of the internal auditors

A small number of areas for continued improvement had been communicated which related to the standards on Independence and Objectivity, Quality and Improvement Assurance Programme and Communicating the acceptance of risks.

Diane Harold commented that the External Auditor liked the approach which was taken by Sunderland to Internal Audit and had been assured about the processes within the service.

Accordingly, the Committee: -

28. RESOLVED that the positive opinion provided be noted.

Risk and Assurance Map 2019/2020

The Assistant Head of Assurance presented a report which asked the Committee to consider: -

- The proposed Risk and Assurance Map and supporting plans of work for the Internal Audit and Risk and Assurance teams for 2019/2020; and
- Internal Audit's key performance measures and targets for 2019/2020.

Members were directed to the Risk and Assurance Map and the Assistant Head of Assurance advised that the crosses in boxes indicated where it was expected that assurance would be obtained from. It was highlighted that Health and Safety had been added in as a provider of assurance.

The Map was split into Strategic and Corporate Risk Areas and plans of work on each of these had been devised with the Chief Executive, Chief Officers Group and other officers with significant roles. The Risk and Assurance Team would be looking at key projects and how they were made to work with staff and the Internal Audit team had a large piece of work looking at the clarity of roles and responsibilities following the senior management restructure which had recently take place. Internal Audit would also be reviewing performance management arrangements in line with the new City Plan and partnership arrangements between the Council and its trading

companies. The planned individual audits and risk and assurance work were set out in Appendix 2 of the report and it was noted that Siglion was due to become one of the Council's wholly owned companies and the internal work was yet to be determined.

Appendix 3 set out the Key Performance Indicators and Targets for Internal Audit and the Assistant Head of Assurance advised that performance in relation to timeliness of audits had improved so the target for draft reports being issued within 15 days of the end of the fieldwork had been increased from 82% to 85%. The KPI for implementation of high and significant risk internal audit recommendations remained 100% and 90% for medium risk and these statistics would be started afresh for the new reporting year. The Committee would continue to receive quarterly updates.

Councillor Trueman referred to the Risk and Assurance Map and that the number of red indicators in relation to Children's Services remained a large area of concern. The Assistant Head of Assurance stated that the majority of 'reds' related to the Ofsted report and these would not change until the Ofsted judgement changed.

The other red indicators were with regard to financial resources and the Executive Director of Corporate Services advised that the financial position was improving each month but was still overspent so the opinion could not be changed. If the current trajectory was maintained, then there would be a change in the assurance position. He added that there had been positive elements in monitoring visits in relation to both quality and financial matters.

Councillor Trueman commented that his concern was that the costs of the service could still rise and Councillor Wood queried if a more realistic budget had been set for Together for Children which would then anticipate no overspend. The Executive Director of Corporate Services said that it was a challenging budget which had been set but it felt achievable. If things were to change then it would be a corporate decision. The Executive Director advised that he would work with the Finance Director of Together for Children on a financial update for the Committee.

Having considered the report, the Committee: -

29. RESOLVED that the report be noted.

Regulation of Investigatory Powers Act

The Director of People, Communications and Partnerships and the Assistant Director of Law and Governance submitted a joint report seeking the comments of the Committee of the Council's Guidance to Staff on the Regulation of Investigatory Powers Act 2000 ('RIPA').

The Act regulated public services in their conduct of directed surveillance and use of covert human intelligence sources. The use of RIPA techniques required judicial approval and the regime only applied where investigations could not be made without covert surveillance activity. The Council had made maximum use of overt

investigation techniques, as recommended under best practice, and had not authorised covert activity under RIPA powers since 2012.

Guidance to staff on RIPA had been updated to reflect the changes in council structure and responsibilities which came into effect from 1 April 2019 and also took into account the requirements of the most recent Code of Practice from the Secretary of State. Changes to the Code included additional guidance on: -

- Internet material and investigations, social media and internet research
- The role of the Senior Responsible Officer
- Use of tracking devices, drones etc.
- CCTV and ANPR
- Expanded guidance on necessity and proportionality

The Committee was asked to consider the updated guidance document at Appendix A to the report.

Councillor Wood queried how many members of staff would fulfil the role of 'Senior Responsible Officer' and the Deputy Data Protection Officer advised that the number was low as departments used the techniques sparingly. The last inspection recommended that Authorising Officers should be reduced to a minimum and the Council would stick with three individuals as was currently the case.

Mr Knowles asked if the report came regularly to the Committee and it was acknowledged that it had only been presented on a periodic basis. The Assistant Head of Assurance stated that she had discussed this with the Data Protection Officer and it had been agreed that an annual update would be brought to the Committee, along with a report on the Data Protection Officer role.

30. RESOLVED that the report and updated guidance be noted.

(Signed) M KNOWLES
Vice-Chair

