

Audit, Governance & Standards Committee

Thursday, 29th July, 2021

MINUTES

Present:

Councillor Jennifer Wheeler (Chair), and Councillors Salman Akbar, Tom Baker-Price, Luke Court, Aled Evans, Julian Grubb, Emma Marshall and Timothy Pearman

Officers:

Andy Bromage, Clare Flanagan and James Howse

Democratic Services Officers:

Joe Galkowski and Jo Gresham

1. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received on behalf of Councillor Juliet Brunner.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The Chair invited the Executive Director of Resources to comment on the minutes of the last meeting. Members were informed that the 2019-2020 Audit was due to be completed in the days following the meeting. Questions were raised about whether the organisation would be able to complete the 2020-2021 audit in time. The Executive Director for Resource responded that there would be implications in terms of the timeline for completing the 2020-2021 audit, but assured Members that additional steps were being put in

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place to make sure the accounts were completed at a higher and more consistent standard, and therefore anticipated that it would be completed in the winter.

RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on the 15th April 2021 be approved as a true and accurate record and signed by the Chair.

4. PUBLIC SPEAKING

The Chair confirmed that there were no registered public speakers on this occasion.

5. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Principal Solicitor presented the Monitoring Officer's report for the Committee's consideration and in doing so, highlighted the following:

- There had been no complaints about Members received since the last meeting of the Committee.
- Legislation permitting the use of remote meetings for Committee meetings concluded on the 6th May 2021,
- There had been elections at Redditch Borough Council in May 2021, and 8 new councillors had been elected and 1 experienced Member was returned.
- The Member Support Steering Group had met and discussed the induction programme for new Councillors.
- The Constitutional Review Working Party continued to meet regularly and any recommendations arising from meetings of this group were reported to Council for consideration.

Members questioned what plans there were for how Member training would be delivered in the future and whether it would be online or in person. The Principal Solicitor responded by saying this was still being considered and would be decided in the future.

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Several Members expressed their dissatisfaction on the audio quality of the previous Council meeting held at the Abbey Stadium. The Executive Director of Resource explained that the Corporate Management Team recognised these issues and were exploring other avenues for delivering a better experience for Full Council, however stressed the importance on keeping Officers and Councillors safe. Members were invited to make suggestions for suitable alternative venues to the Corporate Management Team.

RESOLVED that

the Monitoring Officer's report be noted.

6. DISPENSATIONS REPORT

Members received the dispensations report which provided an opportunity to consider and agree a number of a general dispensations for all Councillors as well as specific dispensations for individual Councillors where requested. Members were informed that dispensations would be valid until the meeting of the Audit, Governance and Standards Committee held after the next elections.

RESOLVED that

- 1) any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;**
- 2) the previously granted general dispensation in relation to allowing Members to address Council and Committees in circumstances where a member of the public may elect to speak be re-granted under section 33 (2) of the Localism Act 2011, to allow Members to participate in and vote at Council and Committee meetings when considering these matters;**

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- 3) **subject to the caveat set out in paragraph 4.9 of this report in relation to setting the Council's Budget, the Audit, Governance and Standards Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of the Budget;**
 - a) **Council Tax;**
 - b) **Members' Allowances; and**
 - c) **Council Rents;**
 - d) **Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the Borough;**
- 4) **it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and it be noted that any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2022.**

7. RIPA REPORT 2021

The Principal Solicitor presented the annual update on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA). This gave Local Authorities the powers to conduct covert surveillance under certain circumstances. Under the revised Code of Practice for Covert Surveillance and Property Interference, 2018, at paragraph 4.47, Councils were advised that Members should review the RIPA policy, and the use of it, on an annual basis. The Committee were informed that since the changes to regulations on the use of RIPA in 2012, Redditch Borough Council

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had not exercised their powers at all.

Members expressed the view that there was an aversion by the Council to using RIPA powers, due to the bureaucratic processes that surrounded it and asked whether fly-tipping and dog fouling would meet the criteria to use the powers granted by RIPA. The Principal Solicitor responded by explaining that the process was not just bureaucratic but also resource intensive. The Committee was also informed that dog fouling would likely not meet the criteria under RIPA but fly tipping possibly could, however there were other ways of collecting evidence to prosecute without using RIPA.

The Committee discussed the potential repercussions of misusing the RIPA powers. The Principal Solicitor advised that it undermines the data gathered by the Council and could lead to reputational damage, if it was found that there was lax oversight by the organisation.

RESOLVED that;

- 1) The Council's RIPA Policy be endorsed; and**
- 2) the Update on RIPA activity be noted.**

8. GRANT THORNTON – CERTIFICATION WORK 2019 - 2020

The Committee received a report from the Head of Finance and Customer Services about the certification of the Council's Housing Benefit subsidy claim to the Department of Work and Pensions (DWP), by Grant Thornton LLP. Likewise, the Committee received the associated letter from Grant Thornton to the Executive Director for Resources, which concluded that the workbook completion undertaken by officers at Redditch Borough Council was to a good quality and which endorsed the testing conclusions reached. It was also highlighted that there were a number of issues identified, and that additional testing needed to occur.

Members asked about the national error rate percentage and what level was considered acceptable. The Committee was informed that the DWP did not publish national averages but preferred for

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Councils to benchmark themselves and identify locally areas with lower error rates. It was anticipated that, based on the demographic of Redditch, Redditch Borough Council would have a slightly above average error rate compared to other Local Authorities of the same level.

The Committee inquired about the feedback system that was in place between Grant Thornton and Redditch Borough Council to improve services. Members heard how there was confidence in the robust feedback system and that the initial assessment was completed by Officers at Redditch Borough Council, when it came from the housing benefit system. The DWP provided standardised workbooks with detailed guidance on what should be included. All local authorities undertook internal reviews, which provided data to external auditors in terms of policy and procedures. If something was flagged up by assessors at Redditch Borough Council, then this was shared with Grant Thornton. It was commented that a number of points raised related to data entry errors, which training would struggle to rectify.

Members asked how the test cases were selected and whether the same test cases were considered by internal and external auditors. The Committee was informed that cases were randomly selected using special software from a list provided to the DWP. The workbooks were completed and then passed onto the auditors to review.

The Committee questioned how errors were identified. Members were informed that officers made notes based off conversations with claimants as well as looking at wage slips and independent information provided by third parties. Officers then in turn populated software to figure out how much a person's benefits needed to be. External auditors considered the same information.

Officers were asked by Members whether it was possible to use newer software and artificial intelligence to help reduce errors. Members were informed that this was being looked at, but there were some barriers due to what was available on the market and the scale in which it would need to be rolled out.

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RESOLVED that:

the Grant Thornton Certification letter 2019/2020 be noted.

**9. INTERNAL AUDIT ANNUAL REPORT INCLUDING AUDIT
OPINION 2020-2021**

The Committee received a report from the Head of Worcestershire Internal Audit Shared Service regarding the Internal Audit Annual Report including an Audit Opinion for 2020-2021. The report included five appendices; these were:

- Appendix 1, which highlighted that in 2020/2021 there were 232 productive audit days used to deliver the revised plan.
- Appendix 2, which provided a breakdown of the audits completed including the overall assurance as well as confirmation of follow up audits undertaken during the year.
- Appendix 3, which summarised the 2020/2021 audit opinion and commentary.
- Appendix 4, which provided a copy of the Internal Audit Charter for the Worcestershire Internal Audit Shared Service.
- Appendix 5, which was a copy of the quality assurance improvement programme.

Members requested the risk register to be included in future reports. The Head of Worcestershire Internal Audit Shared Service explained that the risk register was considered by the Audit, Governance and Standards Committee on a six-monthly basis. It was acknowledged that the Corporate Management Team needed to embed risk registry into the organisation further. However, he provided assurances that the system used at Redditch Borough Council for risk management was very good.

Reference was made to a decline in service productivity in terms of the volume of internal audits that were completed, and Members questioned what could be done about this. Officers explained that service productivity had fallen due to the secondment of staff from

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the internal audit service to other departments in response to the COVID-19 pandemic, and therefore it was likely to increase again.

The Committee discussed the assurance levels reported for the internal audits that had been completed and the extent to which those classified as “significant” were less favourable than those considered to be “moderate”. Members were assured that anything classified as “moderate” and above was acceptable and showed a sound internal control mechanism and process was in place. Likewise, it was added that it would create concern if all assurance came back as full. The Executive Director for Resources advised that the Corporate Management Team were satisfied that the correct controls were in place.

RESOLVED that

the report be noted.

10. INTERNAL AUDIT PLAN 2021-2022

The Committee received the Internal Audit Plan for 2021/2022 from the Head of Worcestershire Internal Audit Shared Service. The Internal Audit Plan was a risk-based plan which considered the adequacy of the Council’s risk management, performance management and other assurance processes as well as organisational objectives and priorities. This was based upon the risk priorities per the corporate and service risk registers.

Members questioned how the audits on the 2021/2022 Internal Audit Plan would be prioritised and whether additional resources would be needed. The Head of Worcestershire Internal Audit Shared Services explained that further conversations would take place regarding resource and prioritisation but overall, the plan needed to remain flexible due to the possibility of other commitments arising during the year. It was possible that the Council would need to revise the audit plan, which would then in turn be reflected in the required resource.

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The Committee also requested further information about the main priorities. Members were informed that the Internal Audit Plan was developed roughly six months in advance to the start of the financial year when risks started to emerge. When the plan was drawn up, the Head of Internal Audit Shared Service would make a judgement on what risks should be addressed and what budget needed to be allocated. This could change and therefore needed to be flexible.

RESOLVED that

- 1) the Committee approve the Audit Plan subject to any comments / proposed changes; and
- 2) the Committee approve the Key Performance Indicators.

11. CORPORATE GOVERNANCE AND RISK UPDATE

The Head of Finance and Customer Services presented a verbal update to the Committee regarding Corporate Governance and Risk. Members were informed that a new post had been created with a focus on risk. Likewise, the Committee were informed that the risk register had been overhauled. Members were advised that a more detailed update on this subject would be provided at the following meeting of the Committee.

12. APPOINTMENT OF RISK CHAMPION

Councillor Tom Baker-Price was nominated to the position of Risk Champion for the 2021/22 municipal year.

RESOLVED that

Councillor Tom Baker-Price be appointed as the Council's Risk Champion in the 2021/22 municipal year.

13. COMMITTEE WORK PROGRAMME

Members considered the Audit, Governance and Standards Committee's Work Programme for the 2021/22 municipal year. During consideration of this item, reference was made to the

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potential need for an additional meeting of the Committee to take place in autumn 2021, subject to the number of reports that would need to be considered during this period.

The Meeting commenced at 7.00 pm
and closed at 9.01 pm