

Audit, Governance & Standards Committee

Thursday, 14th April, 2022

MINUTES

Present:

Councillor Juliet Brunner (Vice-Chair) and Councillors Salman Akbar (present for items 1-6), Tom Baker-Price, Luke Court, Julian Grubb, Emma Marshall and Timothy Pearman

Also Present:

Jackson Murray – Engagement Lead for Grant Thornton

Officers:

Andy Bromage (on Microsoft Teams), Peter Carpenter, Clare Flanagan and James Howse

Democratic Services Officers:

Jo Gresham

38. APOLOGIES AND NAMED SUBSTITUTES

No apologies for absence were received.

39. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

40. MINUTES

The minutes from the previous meeting of the Audit, Governance and Standards Committee held on 27th January 2022 were submitted for Members' consideration.

RESOLVED that

Chair

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The minutes from the meeting held on 27th January 2022 were a true and accurate record.

41. PUBLIC SPEAKING

There were no registered public speakers on this occasion.

42. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Principal Solicitor presented the Monitoring Officer's report for the Committee's consideration and confirmed that there had been no Member complaints received since the last meeting of the Committee. In addition to this Members' attention was drawn to the updates regarding the Member Support Steering Group and the Constitutional Review Working Party contained within the report in respect of meeting dates and items that had been considered at those meetings.

RESOLVED that

The Monitoring Officer's report be noted.

43. NEW MODEL CODE OF CONDUCT

The Principal Solicitor presented the New Model Code of Conduct report and explained the history of the adoption of a new model code and reminded the Members that they had been informed that this item would be considered at the last meeting of the Committee. In addition to this, the following was also highlighted for Members' consideration:

- Members had previously expressed a preference for the Code of Conduct that applied across all tiers of local government across the County and had agreed that all Monitoring Officers across the county consider feedback from this and other Committees across the County in order to bring back a pan-Worcestershire code for consideration and adoption.

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Following the presentation of the report Members indicated that they wished to make an amendment to the recommendation contained within the officer's report.

The proposed amendments were as follows:

Amendment 1

That the text underlined below be removed from the New Model Code of Conduct:

*“Respect means politeness and courtesy in behaviour, speech and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor **engaging in a political debate** with other councillors you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not however, subject individuals, groups of people or organisations to personal attack.”*

Therefore, the paragraph would read:

“Respect means politeness and courtesy in behaviour, speech and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not however, subject individuals, groups of people or organisations to personal attack.”

Amendment 2

That the text underlined below be removed from the New Model Code of Conduct:

“The robust manner in which councillors engage with each other during political debate is not appropriate when engaging with local authority employees, employees and representatives of partner organisations and those volunteering for the local authority. As strategic leaders and employers, it is expected

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that councillors will set a positive example to staff by treating them with politeness and courtesy at all times.”

And be replaced with the following statement, as detailed in the protocol on Member and Officer relations within the Council’s Constitution:

“Councillors have the right to criticise reports, or the actions taken by officers but they should always be constructive, relate to the subject matter of the report and should not be personal”

There was detailed discussion regarding the amendments which included consideration of the following in respect of the first proposed amendment:

- Members should be permitted to engage in robust debate with members of the public and as elected Members had a right to reply when challenged in public. It was felt by some Members that the wording suggested within the proposed New Model Code of Conduct stifled this right. Members were clear that this kind of debate should always be carried out in a respectful way. The Principal Solicitor explained that this paragraph had not been included to isolate Councillors to have robust debate with other Councillors only but more to highlight the need for respect between Councillors as many complaints received by the Monitoring Officers were between Members. In respect of robust debate with the public it was explained that the Code of Conduct was in place as elected Members were expected to behave with high standards and this paragraph contained within the new Model Code of Conduct had been included in order to highlight to Members that some behaviours on social media platforms could be considered less than acceptable.
- There could often be a power imbalance between officers and Members, particularly less senior members of staff, and it was explained that the inclusion of the paragraph regarding robust debate with local authority employees or employees and representatives of partner organisations and those volunteering for the local authority was designed to ensure

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that despite the potential imbalance courtesy was shown at all times when engaging in debate with officers. Some Members felt strongly that officers could be criticised, when necessary, in a respectful manner and when appropriate. There was a suggestion that the word 'criticise' be amended to read 'challenge' which could however this was dismissed by Members as they felt that although there was a subtle difference Members should have the right to criticise officers when necessary.

Following the detailed discussion there was a suggestion, in respect of amendment 2, that a combination of the paragraph included in the new Model Code of Conduct and the existing protocol be considered. This would in amendment 2 being proposed as follows:

“As strategic leaders and employers, it is expected that councillors will set a positive example to staff by treating them with politeness and courtesy at all times. Councillors have the right to criticise reports, or the actions taken by officers, but they should always be constructive, relate to the subject matter of the report and should not be personal.”

Members agreed that this would be acceptable. On being put to the vote the following amendments were agreed for inclusion in the Worcestershire-wide new Model Code of Conduct:

“Respect means politeness and courtesy in behaviour, speech and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not however, subject individuals, groups of people or organisations to personal attack.”

“As strategic leaders and employers, it is expected that councillors will set a positive example to staff by treating them with politeness and courtesy at all times. Councillors have the right to criticise reports, or the actions taken by officers, but they should always be

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constructive, relate to the subject matter of the report and should not be personal.”

RECOMMEND that

Subject to the preamble above the Worcestershire-wide draft Code of Conduct and its appendices, be adopted by the Council

44. GRANT THORNTON - EXTERNAL AUDIT SECTOR UPDATE

The Chair welcomed the Engagement Lead for Grant Thornton to the meeting to present the Grant Thornton - External Audit Sector Update report. It was explained to the Committee that this report outlined any emerging national issues within the sector which included the deferral of the implementation of IFRS 16 for a further year to 2024/25.

RESOLVED that

the Grant Thornton - External Audit Sector Update be noted.

45. GRANT THORNTON - EXTERNAL AUDIT PLAN 2020/21

The Engagement Lead – Grant Thornton presented the External Audit Plan 2020/21 and in doing so Members’ attention was drawn to the following:

- Group Audit - The significant risks that had been identified as requiring special audit consideration included; valuation of land and buildings, staffing within the finance department and the new financial ledger implementation.
- Value for Money Arrangements – Medium term financial plan, risk management, performance management reporting, and how the Council measured benefits realisation for commissioned or procured services, had been identified as risks and weaknesses. It was explained to the Committee that mitigations had been put in place to address all of the above risks and weaknesses in terms of value for money arrangements.

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Following the presentation, the Executive Director of Resources reported that this was considered to be a sound audit plan. It was acknowledged that there had been challenges experienced in the Finance team particularly around recruiting to vacant positions. However, there was another round of recruitment planned in order to provide permanent resource to the team. Members were informed that there had been some difficulty in producing quality working papers which had impacted the time it had taken in processing, and that this had resulted in an increase in audit fees. Members were notified that there had been an increase in the amount of scope undertaken by auditors as a result of the changes to the National Audit Office (NAO) code which would also inevitably result in an increase in future audit fees. In respect of the closing down of the accounts it was confirmed that for year ending 2020/21 the close down would be in July 2022 and shortly after for the year 2021/22. Although this had resulted in a delay to the timetable it was clarified to Members that this was not unusual and that many local authorities were experiencing similar delays.

Members were particularly interested in the recruitment difficulties experienced within the Finance team and it was explained that increases of pay within the private sector had meant that it was more difficult for public sector organisations to compete. In addition to this, it was highlighted that the Covid-19 pandemic had impacted on the way people worked, resulting in a more hybrid model of working which had enabled people to take on jobs in larger cities, with increased pay, without having to travel to the office every day. It was confirmed to Members that the challenges experienced in recruitment had certainly impacted on the financial monitoring over the previous year and had caused a backlog in this area. However, it was expected that this would be rectified very shortly once the issues experienced with the cash receipting system had been remedied and regular reporting would begin again. Some Members queried the use of temporary staff to fill the vacancies and the impact this had made on the budget. It was reported that there had been greater use of temporary staff during this period, and

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this would decrease once permanent members of staff were recruited. The Committee were further informed that despite the increased use of temporary staff the amount paid for their services did not meet the amount saved in permanent vacancies due to vacant positions.

Further discussion followed regarding the risk surrounding fully depreciated assets, including vehicles, plant and equipment as reported in the Audit Plan. The Interim Head of Finance and Customer Services (Deputy s151) explained the process regarding the disposal of assets from an audit perspective and confirmed that management would be undertaking a review of these assets as part of the closedown next year.

RESOLVED that

the Audit Opinion Plan 2019/20 be noted and agreed.

46. GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT

The Engagement Lead for Grant Thornton explained to the Committee that this report included responses from 'those charged with governance' of the Council with regard to the following:

- General Enquiries of Management
- Fraud
- Laws and Regulations
- Related Parties
- Accounting Estimates

It was reported that a series of questions were posed, and that the management responses received were as noted in the report.

RESOLVED that

the Grant Thornton - Informing The Audit Risk Assessment Committee report and management responses be noted and

agreed that the responses were consistent with their understanding on the control regime at the Council.

47. INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit Shared Service presented the Internal Audit Progress report and informed Members that this was a regular report that was considered by the Committee. It was clarified that there had been an error identified in one of the reports and that an updated report had been published prior to the meeting in a supplementary agenda pack. The Head of Internal Audit Shared Service thanked the Senior Democratic Services Officer present for her help in getting the supplementary agenda papers published and provided to Members in readiness for the meeting.

As part of the progress report, it was highlighted that good progress was being made on the 2021/22 audit plan. It was noted that three reports had been finalised since the last meeting of the Committee, as followed: Benefits, Risk Management and Treasury Management. Although it was stated that the Risk Management report had been given an opinion of 'no assurance,' it was important to recognise that this had been given because as part of the Internal Audit Plan 2021-2022 there was a requirement to produce an action plan which would form the basis of this review. It was reported that at the time of the review this had not been produced. However, confirmation was given that work had begun on the Risk Management Plan and actions had already started to be completed. In respect of the Benefits report it was highlighted that there had been some issues with the Dashboard Performance Measures, however Members were informed that Civica, the system provider, were looking into a fix for the issues. However, a date for the fix was still unknown.

There was a brief discussion regarding the Dashboard Performance Measures and it was noted that Members did not have access. The Committee was informed that there was a new Dashboard underway and further information would be presented to the Committee when available.

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RESOLVED that

the Internal Audit Progress Report be noted.

**48. CAPITAL STRATEGY 2022/23 INCORPORATING THE
TREASURY MANAGEMENT STRATEGY**

The Executive Director of Resources introduced the Capital Strategy 2022/23 incorporating the Treasury Management Strategy and stated that this was a highly technical report for Members to consider and included borrowing requirements and investments and risks involved.

The Interim Head of Finance and Customer Services (Deputy S151) provided Members with the following broad headlines from the report for Members' information:

- It was a statutory requirement to set the Treasury Management Strategy each financial year and have at least a half yearly update and outturn report. The Council would report progress on a quarterly basis as part of the Quarterly Monitoring Report.
- The Prudential Indicators in Table 6 of Appendix A provided information on the projected levels of the Council's gross debt compared with the Capital Financing Requirement (CFR).
- The Treasury Management Strategy at Appendix B which highlighted how the Authority would invest in the future.
- All future investments would be assessed rigorously through corporate governance led by the Council's Executive Director of Resources in consultation with the Corporate Management Team. Ensuring that a robust framework was in place, as outlined within the report, which would result in mitigating any risks to potential future investments.

RECOMMEND that

- (i) the Capital Strategy as an appropriate overarching strategy for the Council be approved;**

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- (ii) **the Treasury Management Strategy for 2022/23 and the associated MRP policy be approved;**
- (iii) **the policy for Flexible use of Capital Receipts be approved;**
- (iv) **the Investment Strategy be approved.**

49. RISK MANAGEMENT REPORT

The Interim Head of Finance and Customer Services (Deputy S151) presented the Risk Management report for Members' consideration. In doing so the following was highlighted:

- A plan had been agreed by the Corporate Management Team and implementation had already commenced.
- A Risk Officer group had been established and a meeting had taken place in April 2022.
- Some momentum in respect of risk had been lost over the previous year. However, with the agreed actions in place it was hoped that managing risk would become embedded within the organisation and a more joined up approach taken in the future.

RESOLVED that

the Risk Management Report be noted, and the way forward endorsed.

50. REVIEW OF THE INDEPENDENT MEMBER

Members were presented with a report regarding the Review of the Independent Member, which had been requested at a previous meeting of the Committee. During consideration of this item Members were presented with three options in respect of the future of the Independent Member and during a detailed discussion the following areas were considered:

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- The position of Independent Member on the Audit, Governance and Standards Committee was good practice and that the right Independent Member could add value to the Committee
- Members did not want to allocate any financial resources to a recruitment campaign and had stated that use of the Council's social media channels would be an appropriate way forward when looking to recruit the Independent Member in the future. This would result in no financial implications as such, however, it would impact on Officer time and resources.
- Previous rounds of recruitment had not resulted in securing an Independent Member to sit on the Committee. Some Members agreed that this had tested the market adequately and was a clear indicator that there was no appetite for an individual to undertake the role, particularly as there was no remuneration for the role.

RESOLVED that

- (i) **the position of Independent Member of the Audit, Governance and Standards Committee be advertised as an unpaid, non-voting voluntary position; and**
- (ii) **social media channels be used for the recruitment process rather than a formal recruitment process in order to avoid financial costs.**

51. RISK CHAMPION VERBAL UPDATE - COUNCILLOR BAKER-PRICE

Councillor Baker-Price, in his role of Risk Champion, informed Members that he would be meeting with the Executive Director for Resources later in the month in order to look at how risk was managed across the Council and would provide Members with an update at the next meeting.

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RESOLVED that

the Risk Champion - Verbal Update Report from Councillor Baker-Price be noted.

52. COMMITTEE WORK PROGRAMME

The Committee's Work Programme was presented for Members' consideration.

RESOLVED that

the contents of the Committee's Work Programme be noted.

The Meeting commenced at 7.00 pm
and closed at 9.21 pm