

# **Audit, Governance & Standards Committee**

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Monday, 1st March, 2021

## **MINUTES**

### **Present:**

Councillor Mark Shurmer (Vice-Chair) and Councillors Salman Akbar, Joe Baker, Tom Baker-Price, Peter Fleming, Julian Grubb, Yvonne Smith, David Thain and Craig Warhurst

### **Also Present:**

Jackson Murray – Engagement Lead for Grant Thornton  
Neil Preece – Engagement Manager for Grant Thornton

### **Officers:**

Andy Bromage, Kevin Dicks, Clare Flanagan, ,Chris Forrester and James Howse

### **Democratic Services Officers:**

Jo Gresham and Kerry Somers

## **42. APOLOGIES AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillor John Fisher and Councillor Juliet Brunner. Members were informed that Councillor Joe Baker and Councillor Julian Grubb were in attendance as their named substitutes.

## **43. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **44. MINUTES**

Chair

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**RESOLVED that**

**the minutes of the meeting of the Audit, Governance and Standards Committee held on Thursday 26<sup>th</sup> November 2020 be approved as a true and correct record.**

**45. PUBLIC SPEAKING**

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

**46. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Principal Solicitor presented the Monitoring Officer's report for Members' consideration.

Members were informed that, as detailed in the report no complaints had been received since the last meeting of the Committee.

It was reported to Members that legislation which had been passed permitting Councils to hold virtual public meetings was due to expire on 7<sup>th</sup> May 2021. Members were advised that that an application was being made to the High Court by the Lawyers in Local Government and Association of Democratic Services Officers seeking a declaration that virtual meetings would be possible under existing legislation after 7<sup>th</sup> May 2021.

Members enquired whether there would be the possibility of hybrid meetings in the future. It was clarified by the Principal Solicitor that this was still unknown and that any future progress would be reported to Members once any decisions had been made.

**RESOLVED that**

**the Monitoring Officer's report be noted.**

## 47. MODEL CODE OF CONDUCT

The Principal Solicitor presented a report on the Model Code of Conduct and in doing so drew Members' attention to the Local Government's Association (LGA) New Model Code of Conduct document included as an appendix to the main report. The differences between the New Model Code of Conduct and the existing Code of Conduct were highlighted to Members who were then asked to provide comment on these differences in order to provide feedback to the pan-Worcestershire Monitoring Officer Group.

It was highlighted that the style and language of the new Model Code of Conduct was very different to the existing Code and that a great deal of narrative had been included in the New Code.

The Principal Solicitor advised Members that during discussions with Monitoring Officers throughout the County there had been different opinions on whether to adopt the New Model Code. However, it was clarified that it would be possible to tweak the New Model Code at a local level if required. Members were reminded that there had been an appetite in the past for a pan-Worcestershire code that covered all three tiers of Local Government. This had been achieved previously through the collaboration of Monitoring Officers across the County and Members expressed that they hoped that this collaboration would continue in the future.

During the consideration of the report, Members provided the following feedback:

- It seemed sensible to adopt a pan-Worcestershire Code that covered all of the Local Authorities. This would make it simpler for any Members who were Members on more than one Authority across the County.
- That the LGA's New Model Code of Conduct seemed overcomplicated and that the current Code was more streamlined. Members were assured that the narrative contained within the New Code could be removed and a guidance document provided separately.

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- There was little clarification included in the New Model Code in respect of social media and that this might be an area where further clarification would be needed if the LGA New Code were to be adopted.
- That a limit of £15 should remain in place regarding Gifts and Hospitality received rather than the suggested £50 limit included in the LGA's New Code.
- In respect of training, it was felt that Member Code of Conduct training should be undertaken on an annual basis and that it should be mandatory. Although it was widely acknowledged by the Committee that training should be undertaken some Members felt that even if training were to be made mandatory in the future it would be difficult to enforce a breach of the Code due to the lack of sanctions contained within the Code. It was suggested that a more appropriate resolution might be to 'strongly recommend' at Group Leader level that Member training be undertaken rather than it being mandated.

After detailed discussion, it was confirmed by the Principal Solicitor that the feedback that Members had provided would be reported back through the appropriate channels for consideration.

Members were advised that it would be useful to start with the LGA's version as a template and ensure tweaks were made at a local level. It was agreed that this would be the most appropriate way forward as it ensured consistency across all of the Authorities in the County.

There was some confusion regarding the recommendations however after clarification it was confirmed that a slightly amended recommendation be proposed which combined all three recommendations contained within the report.

## **RESOLVED that**

using the LGA's New Model Code of conduct as a template, the Monitoring Officer (MO) liaise with other MOs across

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Worcestershire to consider the feedback from all councils to bring forward a new Worcestershire wide Code for consideration.

## **48. EXTERNAL AUDIT - AUDIT FINDINGS REPORT 2019/20**

Prior to consideration of this item the Chief Executive introduced the James Howse, the new Executive Director of Finance to the Committee, who expressed that he was very much looking forward to working with the Members and the Committee going forward.

The Engagement Lead for Grant Thornton Members presented the Audit Findings Report 2019/20 from and in doing so the following was highlighted for Members' attention:

- It had been reported at the previous meeting of the Committee that Grant Thornton had not been in a position to present the findings at that time however officers had worked hard to finalise the reports for presentation to the Committee. Members were informed that some of the challenges encountered during the audit process were poor quality working papers and an archaic ledger system. Members were advised that some of the issues had been identified during previous audits however with the implementation of the new Enterprise Resource Planning (ERP) system it was hoped that these would no longer be an issue in the future.
- Covid-19 had, inevitably, had a significant impact on the completion of the Audit, and it had taken longer than anticipated to complete. Members were informed that as a direct result of Covid-19 an Emphasis of Matter paragraph had been included in the Audit Findings Report. It was clarified that this paragraph had not been included in previous Audit Findings reports. Members were advised this was in relation to the valuation of assets belonging to the Council and that all Local Government organisations had received these disclosures.
- An unqualified audit opinion was proposed by Grant Thornton, subject to the completion of the few outstanding areas that had been identified within the report.

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- The final fee would be discussed with Officers once the audit process had been completed.

The Engagement Manager from Grant Thornton provided further information in respect of the Statutory Recommendation under Section 24 that had been issued in 2018/2019 and reported that there had been significant improvements since then. This was as a result of difficult decisions made by Members and the hard work of officers. It was, however, highlighted to Members that this would need to continue in the future and a cautious approach was advised. As a result of this, it was confirmed that Grant Thornton proposed a qualified 'except for' Value for Money conclusion. Members were advised that although steps had been made towards a more balanced position savings still needed to be made for future financial years. In addition to this, the Engagement Manager for Grant Thornton explained that a number of plans and schemes had been examined as part of the Value for Money findings and that generally these were fully developed, and the information provided by officers in order for Members to make decisions were reasonable and accurate.

The Chair invited the Head of Finance and Customer Services to comment on the report and the Audit Findings. He thanked Grant Thornton for all of their hard work during the audit process and that any issues that had been highlighted were a fair representation of an audit carried out in difficult circumstances. This was reiterated by the Chief Executive who offered his thanks to Grant Thornton and, in particular, the Head of Finance and Customer Services who had worked exceptionally hard to get the audit completed.

Some Members expressed their concerns about whether enough appropriate resources and skills were available within the Council to produce the quality of information for future audits. The Head of Finance and Customer Services acknowledged that this year had been unprecedented, and a number of projects had been undertaken at the same time as the audit including the implementation of the ERP system and the distribution of the Covid-19 Business Grants. This had resulted in challenges that would

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need to be addressed in the future in order to carry out the financial close down period.

Members expressed that the lifting of the Section 24 was a great achievement in such a short period of time and that although difficult decisions would have to be made in the future it was a positive outcome after a difficult year.

## **RESOLVED that**

the Audit Findings Report 2019/20 and the draft letter of representation be approved.

### **49. STATEMENT OF ACCOUNTS 2019/2020**

The Head of Finance and Customer Services presented the Statement of Accounts for 2019/2020. During the presentation, Members were advised that due to delays there had not been the opportunity to quality check the final statement of accounts and therefore it had been agreed that only the core statements would be presented to the Committee for approval. Should any material changes occur these would be reported back to Members at a subsequent meeting of the Audit, Governance and Standards Committee.

## **RESOLVED that**

the Audit, Governance and Standards Committee APPROVE the Statement of Accounts at Appendix 1 subject to final auditor certification.

### **50. INTERNAL AUDIT PROGRESS REPORT**

The Head of the Worcestershire Internal Audit Shared Service explained to Members that this was a progress report on the internal audit revised plan for 2020/2021.

During consideration of this item Members' attention was drawn to the following:

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- Two reviews had been finalised since the last meeting of the Committee. Both of these reports contained no High Priority Recommendations. Four reviews were currently in draft form and would be provided to Members for consideration at the next meeting. In addition to this it was confirmed that all of the audit on the core financials would be completed and presented to the Committee in due course.
- A follow-up report had been undertaken regarding the Compliments and Complaints audit that had previously been completed. Members were advised that there had been improvements in this area following continued work by officers.
- A significant amount of data sets had been uploaded as part of the National Fraud Initiative (NFI) work which the Head of Finance and Customer Services and his team were heavily involved in. Members were advised that one of the data sets had been provided after the deadline. It was confirmed, however, that no fine would be levied by the NFI due to the current, exceptional circumstances.

Some Members were keen to ensure that the improvements in respect of the Compliments and Complaints process were maintained as this ensured continual development within the Council's systems. Members agreed that these kinds of improvements enhanced the services for the residents and provided important learnings moving forward. Members were reassured by the Head of the Worcestershire Internal Audit Shared Service that implementation of some of the recommendations was still underway however it was confirmed that a number had been completed.

## **RESOLVED that**

the contents of the Internal Audit Progress Report be noted.

## **51. RISK CHAMPION VERBAL UPDATE - COUNCILLOR DAVID THAIN**



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Councillor D. Thain provided a Risk Champion update to the Committee and informed Members that the nature of risks had become more complex over time. It was confirmed that risk was an area that was taken very seriously throughout the Council and it would continue to be a priority for the future.

**RESOLVED that**

the Risk Champion Update be noted.

**52. COMMITTEE WORK PROGRAMME**

The Democratic Services Officer highlighted to Members that there were a large number of items due for consideration at the next meeting. She confirmed that work would be done with officers to confirm that the reporting timetable was still applicable and amend the Work Programme accordingly.

There was some concern from Members regarding the recruitment of an Independent Member. It was acknowledged that historically there had been difficulties in recruiting an Independent Member to the Committee however it was felt that it was important to have an Independent Member to ensure the Committee continued to operate in a transparent and effective way. The Democratic Services Officer reminded Members that there had been a discussion at the previous meeting, and it was agreed that the recruitment of the Independent Member would be reviewed annually. However, the Democratic Services Officer undertook to clarify this with officers.

**RESOLVED that**

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

The Meeting commenced at 7.00 pm  
and closed at 8.56 pm