

Audit, Governance & Standards Committee

Thursday, 28 July 2022

MINUTES

Present:

Councillor Juma Begum (Chair), Councillor Andrew Fry (Vice-Chair) and Councillors Salman Akbar, Imran Altaf, Tom Baker-Price, Michael Chalk and Luke Court

Also Present:

Jackson Murray, Engagement Lead for Grant Thornton (on Microsoft Teams)

Hugo Hammersley (Feckenham Parish Council representative)

Officers:

Peter Carpenter, Michelle Howell (on Microsoft Teams) and Andy Bromage (on Microsoft Teams)

Committee Services Officer:

Gavin Day and Amanda Scarce (on Microsoft Teams)

1. APOLOGIES AND NAMED SUBSTITUTES

Apologies were received from Councillor Ashley as Portfolio Holder for Finance and Enabling.

Apologies were received from Councillor Pearman.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

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Chair

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RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on 14th April 2022 be approved as a true and correct record and signed by the Chair.

4. PUBLIC SPEAKING

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 confirmed that there had been no Member complaints received since the last meeting of the Committee.

Members enquired how the number of complaints compared to the previous year, the Principal Solicitor confirmed that there had also been no Member complaints recorded.

RESOLVED that

The Monitoring Officer's report be noted.

6. GENERAL DISPENSATION REPORT

Members received the dispensations report which provided an opportunity to consider and agree a number of 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.

The Principal Solicitor responded to a number of general questions in respect of dispensations and provided Members with clarity in respect of the relevant legislation.

RESOLVED that

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- 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;
- 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;
- 5) 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. ANNUAL UPDATE REPORT ON RIPA

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 had not exercised their powers at all.

The Principal Solicitor informed the Committee that since the last annual report there had been a desktop inspection in January 2022, the findings of the inspection were that the Council was compliant in regard to its policies and did not require a physical inspection. The Inspecting Officer also agreed that in regard to the RIPA policy a twice-yearly meeting would be sufficient.

Members sought clarification on the circumstances in which surveillance would be used, the Principal Solicitor informed the Committee that there were many requirements and thresholds to qualify under RIPA due to the risk of collateral intrusion, it was also highlighted to Members that the Council did not wish to exercise their powers.

Members enquired that if an inspection took place in January why a report did not come to Committee sooner, the Principal Solicitor clarified that RIPA reports were only due to go to Committee annually, however, Officers would be happy to bring any reports to Committee during the course of the year if that was what Members decided. The Principal Solicitor also highlighted that any notifications would have had to go to the bi-annual management meeting first so Members should expect a delay in receiving any RIPA reports.

RESOLVED that

- 1) The Council's RIPA Policy be endorsed; and**

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2) the Update on RIPA activity be noted.

8. **FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME**

The representative for Feckenham Parish Council (FPC) presented his report to the Committee. During his report the Principal Solicitor advised the FPC representative on the suitability of their comments and advised them on what to bring to the Audit Standards and Governance Committee in the future. The Interim Section 151 Officer advised that he would be happy to meet with the FPC representative outside of the meeting if he wished to discuss any issues further.

9. **GRANT THORNTON - HOUSING BENEFIT 2020/2021 CERTIFICATION LETTER**

The Committee received a report from Jackson Murray, Engagement Lead for Grant Thornton with supporting comments by the Interim Section 151 Officer about the certification of the Council's Housing Benefit subsidy claim to the Department of Work and Pensions (DWP). 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.

The Committee was informed that although the values were very small any difference in monetary value classifies as a 'fail' and needed to be reviewed, Officers identified an overall error of £43 and an error rate of 3% during test cases which was noted as the lowest in 5 years.

Officers also highlighted that over the proceeding 5 years residents would be migrated over the Universal Credit system which would be managed by the DWP; therefore, the Council would expect errors to decrease as the Government takes on the rest of housing benefit claimants.

RESOLVED that:

the Grant Thornton Certification letter 2020/2021 be noted.

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10. INTERNAL AUDIT ANNUAL REPORT AND AUDIT OPINION 2021 - 22

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 2021-2022.

The Interim Section 151 Officer updated the Committee on the new financial system implemented in February 2021, including highlighting a number of implementation issues, the main issue regarding receipts which caused problems matching income to the appropriate invoice. The Committee was further informed that a solution was being tested and would be implemented if shown to be effective shortly.

The Interim Section 151 Officer informed the Committee that currently there was a backlog of work due to the aforementioned issue which prevented the closure of the 2021/2022 ledger, if the solution was effective then it was estimated that it would take 3 months to properly close 2021. The Interim Section 151 Officer highlighted that the 2022 Ledger could not be started until 2021 was finalised.

Members questioned why there was a drop in productivity from the previous year. The Head of Worcestershire Internal Audit Shared Service responded that it was due to known reasons relating to ICT and Covid-19 and the associated sickness. The Committee was reassured that the Council knew what it had to do and would address the issue.

The Committee discussed high risk areas of little or no assurance and asked Officers to clarify how they had become high risk areas. The Interim Section 151 Officer replied that the main reason was due to a very high turnover of staff and losing a lot of expertise. Due to this a good deal of time had been spent fixing problems rather than monitoring, however, Members were assured that monitors were being brought in, and training would be rolled out in September to ensure the smooth back office and service level running of the system.

RESOLVED that

the report be noted.

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11. INTERNAL AUDIT - AUDIT PLAN 2022-2023

The Committee received the Internal Audit Plan for 2022/2023 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 the variance between the total days in the 2021/2022 and 2020/2021 internal Audit Plans. The head of Worcestershire Internal Audit Shared Services explained that the initial allocation for 2021/2022 was 400 days but reduced to 288 due to revisions, however, the 2022/2023 Audit Plan was Based off the original allocation as the supporting budgets remain unchanged.

Members drew the Committee's attention to the corporate risks on page 96 of the main agenda pack and requested further information. The Interim Section 151 Officer detailed to the Committee that the largest current corporate risk is cyber, with 40% of recorded attacks being against councils with some authorities geographically very close being targeted.

RESOLVED that

The 2022/2023 Audit Plan be approved.

12. CORPORATE GOVERNANCE MONITORING AND RISK

The Interim Section 151 Officer presented an update to the Committee regarding Corporate Governance and Risk. Members were informed that after a meeting of the Officer Risk Board, a definition for how risks progress from being "departmental" to "corporate" was presented to the Corporate Management Team. Members were then asked to approve this definition as shown on page 94 paragraph 3.5 of the main agenda pack.

The Interim Section 151 Officer drew the Committees attention to the present corporate risks and asked the Committee to consider those risks and any other risks Members wished to consider.

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Members questioned how the Council was defending against the increased level of cyber-attacks, The Interim Section 151 Officer informed Members that the Council worked closely with its suppliers and were continuing to react to developments and supplying training to all employees. Members were also informed that a number of employees were recently subjected to a spoof attack to ensure they were behaving appropriately and anybody failing the exercise attended further mandatory training.

RESOLVED that

- 1) **The revised definition of corporate risk be approved**
- 2) **The present list of Corporate Risks be noted**
- 3) **The use of the Risk Management Framework devised by Zurich was deemed appropriate**

13. ANNUAL APPOINTMENT OF THE RISK CHAMPION

Councillor Tom Baker-Price was nominated to the position of Risk Champion for the 2022/23 municipal year.

RESOLVED that

Councillor Tom Baker-Price be appointed as the Council's Risk Champion in the 2022/23 municipal year.

14. 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 the Interim Section 151 Officer proposed an extra meeting once work had been completed as detailed under Minute No. 10 and the financial year 2021 was finalised.

RESOLVED that

An additional date to discuss Audit Standards and Governance be scheduled once the financial year 2021 had been finalised.

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The Meeting commenced at 7.00 pm
and closed at 9.02 pm