

# Audit, Governance & Standards Committee

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Monday, 27 July 2020

## MINUTES

### Present:

Councillor John Fisher (Chair), and Councillors Salman Akbar, Tom Baker-Price, Juliet Brunner, Peter Fleming, Andrew Fry, Yvonne Smith and David Thain

### Also Present:

Neil A. Preece – Engagement Lead, Grant Thornton

### Officers:

Jayne Pickering, Clare Flanagan, Andy Bromage, Martyn Bradley, Joanne Gresham and Pauline Ross

### 1. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received on behalf of Councillor Mark Shurmer. Councillor Andy Fry was in attendance as his substitute.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES

**RESOLVED that**

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Chair

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

**the minutes of the meeting of the Audit, Governance and Standards Committee held on Thursday 30<sup>th</sup> January 2020 be approved as a true and correct record.**

#### **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 Members' consideration.

Members were advised that there had been a number of complaints received which had been resolved locally by the Monitoring Officer.

During this item there was a discussion regarding 'the new normal' in regard to Council meetings during lockdown. The Principal Solicitor informed Members that, meetings had been carefully managed and were running effectively and had been very successful. Members thanked the officers for enabling the meetings to take place and for their support regarding ICT and the testing of equipment and Skype for Business.

**RESOLVED that**

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

#### **6. MODEL CODE OF CONDUCT**

The Principal Solicitor presented the report on the Model Code of Conduct and in doing so highlighted the following: -

- Members of the Audit, Governance and Standards Committee had previously considered the report from the Local Government Association (LGA) with regard to Standards in Public Life.

# Audit, Governance & Standards Committee

---

Monday, 27 July 2020

- The LGA had carried out its review of the Model Code of Conduct and had issued their own version which was in a consultation period until 17<sup>th</sup> August 2020.
- The majority of Members did maintain higher standards of conduct in public life.
- Within the LGA Model Code of Conduct interests had been expanded in order to incorporate 'Other' interests as well as the registerable pecuniary interests.

It was reported by the Principal Solicitor that there was guidance within the Model Code of Conduct regarding Members' use of social media, which was the area where the majority of complaints were received. However, it was felt that the guidance needed to be stronger. Members were asked to consider the model and make any comments to contribute to the LGA consultation or were they happy for the Monitoring Officer to highlight issues in the report and feedback to the LGA.

Members agreed that the idea of a standardised model across all Councils was a good one, however, some Members felt that the figure of £25 for Gifts and Hospitality as suggested in the Model Code of Conduct was too high and that it would be more appropriate to maintain the current figure of £15.

There was lengthy discussion around the process involving sanctions and breaches of the Model Code of Conduct and it was acknowledged by the Committee that in order to do this it would require a change of primary legislation within Parliament. It was with this in mind, that officers agreed to keep a 'watching brief' to ensure that Members were kept up to date with any changes that could affect sanctions or breaches in the future.

Members were keen to understand what constituted as a breach on social media e.g. Facebook and Twitter and agreed that this must be made clearer with stronger guidance in the next iteration of the Model Code of Conduct. The Principal Solicitor confirmed that most of the complaints that were received were resolved locally by the Monitoring Officer.

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

It was agreed that the following feedback be given to the LGA in respect of the Model Code of Conduct: -

- Stronger guidance around Members' use of social media.
- Figure for the Gifts and Hospitality.
- Members liked the style and format of the Model Code of Conduct.
- It made good common sense to have a Model Code of Conduct that was adopted by all Councils.

Members were keen to see the next iteration of the Model Code of Conduct and make further comments and keep a 'watching brief' on any legislation changes in Parliament.

**RESOLVED that**

**the Model Code of Conduct report be noted and that Members comments, as detailed in the preamble above, be reported back to the Local Government Association.**

## **7. REGULATION OF INVESTIGATORY POWERS ACT**

The Director, Finance and Resources presented the report in respect of the Regulation of Investigatory Powers Act which was a statutory report considered annually by Members concerned with covert surveillance in certain circumstances. She clarified that there had been no covert surveillance undertaken since 2012. It was clarified to Members that the only amendment from the previous year had been the inclusion of a section on 'Obtaining Communications Data'.

Some Members commented that they would be happy to receive the report only when there had been amendments made. However, most Members felt that it was useful to consider the report annually.

**RESOLVED that**

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

- a) **the Council's RIPA Policy as reviewed, be endorsed;  
and**
- b) **the update on RIPA activity be noted.**

## **8. GRANT THORNTON - UPDATE REPORT - VERBAL UPDATE**

The Engagement Lead from Grant Thornton updated Members in respect of the updated accounts and audit timetable due to Covid-19 and associated lockdown. It was explained to the Committee that the accounts would be produced and published by the end of August 2020 and the audit completed in November 2020. This was following consultation with the Executive Director, Finance and Resources and the Head of Finance and Customer Services. It was agreed that officers would produce the information to a standard that they were happy with.

It was confirmed to Members by the Engagement Lead from Grant Thornton that there were no plans to go back on site to carry out their work, as they were now getting used to undertaking audits remotely. He admitted that there were some challenges and that the work could take longer due to flexible working hours and not being 'in situ' with officers but he was confident that the work would be completed as planned.

Members thanked the Engagement Lead from Grant Thornton and were appreciative that they were able to carry on with the work.

**RESOLVED that**

**the Grant Thornton - Update Report - Verbal Update be noted.**

## **9. GRANT THORNTON - REDDITCH BOROUGH COUNCIL 2019-20 AUDIT PLAN ADDENDUM - COVID19**

The Engagement Lead for Grant Thornton presented a report in respect of Redditch Borough Council 2019-20 Audit Plan Addendum - Covid19, a short paper that flagged the impact that Covid-19 had had on the audit plan, as presented to the Committee in January 2020.

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

It was highlighted that there would be ongoing and regular dialogue with The Executive Director, Finance and Resources and the Head of Finance and Customer Services regarding the impact on processes at the Council. So far, Grant Thornton were satisfied that these processes were all in place.

Members questioned whether there would be any extra work and any additional days needed in order to carry out the audit. The Engagement Lead for Grant Thornton stated that he was unsure at present and that as some of the other fees in relation to leases on IRF16 had been deferred, there may not be an increase in fees as these IRF16 fees would not be charged. He also explained that due to the current working situation that fewer expenses were being charged in respect of their travel costs.

Members thanked the officers and Grant Thornton for all their hard work during this difficult and changing time.

## **RESOLVED that**

**the Grant Thornton - Redditch Borough Council 2019-20 Audit Plan Addendum - Covid19 be noted.**

### **10. GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT 2019-20**

The Engagement Lead from Grant Thornton presented the report and in doing so explained that the report was produced annually in conjunction with officers. The report consisted of management responses that enabled Grant Thornton to rebut fraud systems and processes that the Council had in place. It was acknowledged that there were some financial challenges ahead, including the Medium Term Financial Planning.

Some Members queried the report in respect of the Enterprise Planning Resource System (ERP) and whether the significant resources mentioned were of concern. Officers reassured Members that there had been extra resources sourced for support for the final

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

accounts work and that by the time of the next Committee meeting the ERP System would be in the first stages of implementation. Grant Thornton had no concerns regarding the capacity of officers.

Members queried the cash handling levels procedures and policies. It was confirmed by the Executive Director, Finance and Resources that cash handling was a last resort and that customers were encouraged to use electronic payment facilities. The Engagement Lead from Grant Thornton clarified that they were happy with the controls in place for cash handling and that there was no real risk associated with them.

The Committee agreed that it would like to reinstate the Risk Champion role going forward and officers undertook to find out who the previous Risk Champion was and bring information to the next meeting of the Committee.

## **RESOLVED that**

**Informing the Audit Risk Assessment 2019-20 report be noted.**

### **11. INTERNAL AUDIT - FINAL AUDIT PLAN 2020/21**

The Head of the Worcestershire Internal Audit Shared Service presented the report in respect of the Final Audit Plan 2020/21. The draft report was considered prior to the outbreak of Covid-19 and associated lockdown and the final report was due to be considered by the Committee at the meeting on 9<sup>th</sup> April 2020 however, this meeting was cancelled.

It was reported to Members that the plan needed to be flexible given the current situation. He explained that the report was a good benchmark, however, Members were assured that if any changes were made should risks emerge; they would be bought before the Committee to confirm what changes were being proposed and why.

Members questioned as to how audits would be carried out under the circumstances and were informed that although audits may take a little longer, the service had access to many of the systems and

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

processes that were used by officers and they could be accessed directly. In addition to this, they were able to conduct virtual meetings using virtual meeting platforms.

Some Members noted that things would inevitably change going forward and the new Housing System which was still to be implemented and it was agreed that there would be a need to prioritise throughout the year, particularly around any limited assurances which would need to be reported to the Committee.

## **RESOLVED that**

- a) **the Audit Plan 2020/21 be approved; and**
- b) **the Key Performance Indicators be approved.**

## **12. INTERNAL AUDIT ANNUAL REPORT INCLUDING AUDIT OPINION 2019/20**

The Head of the Worcestershire Internal Audit Shared Service presented the Internal Audit Annual Report including Audit Opinion 2019/20 and in doing so drew Members' attention to the improving picture within the report and highlighted that there were fewer Limited and No Assurance audits.

Members queried what seemed to them to be a recurring issue within the report of a lack of resources within services areas. It was clarified by the Head of the Worcestershire Internal Audit Shared Service that fourth tier managers were regularly issued with questionnaires regarding their service areas and any emerging risks and a number had identified a lack of resource, as one of them. He clarified that this had been identified previously but was not necessarily one with an easy resolution. He further reported that the Corporate Management Team was regularly consulted on these findings.

Members expressed their concerns regarding the asbestos results; and it was felt that this was an area which needed to be prioritised.



# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

It was confirmed to Members that this was an area where audit was working closely with officers and that an action plan was in the process of being produced.

The Head of the Worcestershire Internal Audit Shared Service answered questions from Members regarding the variances of numbers of audits carried out throughout the year and it was clarified that there was fluctuation between different quarters and that variances did not have much of a material impact on the overall audit plan.

**RESOLVED that**

**the Internal Audit Annual Report including Audit Opinion 2019/20 report be noted.**

## **13. INTERNAL AUDIT PROGRESS REPORT 2019/20 & 2020/21**

The Head of the Worcestershire Internal Audit Shared Service explained that this was a regular update that was brought before Members and included the reports in their entirety. It was confirmed to Members that, unsurprisingly, there had been a slow start at the beginning of the 2020/21 audit plan due to Covid-19 and associated lockdown, but the required adjustments were made and the plans had commenced since June 2020. It was acknowledged that the plans would inevitably be impacted overall, but it was still too early to understand that impact. Reassurance was given to Members that they would be updated on progress being made and that high priority recommendations would be followed up and reported to the Committee at future meetings.

Members were interested in the differentiation between operational and corporate risk and the Executive Director, Finance and Enabling undertook to bring the Corporate Risk Register to the next meeting of the Committee.

**RESOLVED that**

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

the Internal Audit Progress Report 2019/20 & 2020/21 report be noted.

## **14. HEALTH AND SAFETY PRESENTATION**

The Senior Health and Safety Advisor introduced the presentation and in doing so highlighted the following to Members: -

- Most of the outstanding recommendations contained within the report had been completed.
- Noticeboards across Council locations had been updated to include relevant and more user-friendly information.
- Mental health training had been provided to First Aiders.
- Fire Risk Assessments were ongoing and effectively not one piece of work that could be 'completed' and that the Council were working with external consultants to ensure the correct methodology was applied to all Fire Risk Assessments.
- A new signing in system had been established at the Town Hall.
- The 'Train a Trainer' scheme had been delayed due to Covid-19 and associated lockdown.
- A new Health and Safety induction had been established for all new starters and that virtual training would be available to employees.

Members thanked the Senior Health and Safety Advisor for his update and agreed that the changes that had been made were positive.

**RESOLVED that**

**the contents of the Health and Safety Presentation report be noted.**

## **15. IMPACT OF COVID-19 INCLUDING SECTION 24 UPDATE**

The Executive Director, Finance and Enabling presented the report and in doing so informed Members that currently the impact was still unknown. She reported that some Central Government grants

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

had been received, however, no funding had been provided for Leisure Services. It was confirmed that Central Government were still being lobbied in respect of leisure services and that financial losses were inevitable due to 4 months of no income.

With regard to the Housing Revenue Account it was reported to Members that shortfalls in rent were predicted and that currently rent shortfalls were at £1.026m with the potential to increase to £2m. There was also discussion about the increase in Universal Credit claimants once the furlough scheme ended.

Looking to the future, Members were informed that a Recovery and Restoration Plan was being produced to demonstrate how the Strategic Purposes would be delivered in the coming months.

Councillor D. Thain the Executive Director, Finance and Enabling and the team for working in such an uncertain time with such flexibility. This was echoed by the Chair of the Committee.

**RESOLVED that**

**the contents of the Impact of Covid-19 including Section 24 Update be noted.**

**16. INDEPENDENT MEMBER RECRUITMENT - VERBAL UPDATE**

The Executive Director, Finance and Resources gave a verbal update regarding the Role of an Independent Member. It was reported that the process had been stalled due to the Covid-19 lockdown and that this would be picked up again by officers.

**17. FINAL ACCOUNTS 2019-2020 - VERBAL UPDATE**

The Executive Director, Finance and Enabling updated Members and gave a verbal update on the Final Accounts for 2019-2020 and confirmed that the timetable for the accounts had been updated and that the team were on track to complete them by 1<sup>st</sup> September 2020.

# **Audit, Governance & Standards Committee**

---

Monday, 27 July 2020

There were challenges that needed to be overcome for Local Authorities including valuation of properties as there was material uncertainty due to the way valuations had been carried out due to lockdown. Local Authority valuers were not able to get see properties and valuations were based on 'best guess' estimates as of 31<sup>st</sup> March 2020.

**RESOLVED that**

**the contents of the Final Accounts 2019-2020 - Verbal Update be noted.**

## **18. WORK PROGRAMME**

The Democratic Services Officer confirmed that any additions that had been identified by Members during the course of the meeting, would be added to the Work Programme. These were confirmed as follows:

- St David House Update
- Enterprise Resource System Update
- S151 Update

The Meeting commenced at 7.02 pm  
and closed at 9.42 pm