

# Audit, Governance & Standards Committee

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Thursday, 26th November,  
2020

## MINUTES

### Present:

Councillor Mark Shurmer (Vice-Chair) and Councillors Salman Akbar, Tom Baker-Price, Juliet Brunner, Peter Fleming, Andrew Fry, Yvonne Smith, David Thain and Craig Warhurst

### Also Present:

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

### Officers:

Kevin Dicks, Clare Flanagan, Chris Forrester and Andy Bromage

### Democratic Services Officers:

Jo Gresham and Pauline Ross

### 30. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received from Councillor J. Fisher, with Councillor A. Fry in attendance as the substitute member.

### 31. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 32. MINUTES FROM THE LAST AUDIT, GOVERNANCE AND STANDARDS MEETING HELD ON 15TH SEPTEMBER 2020.

**RESOLVED** that

Chair

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**the minutes of the meeting of the Audit, Governance and Standards Committee held on Tuesday 15<sup>th</sup> September 2020 be approved as a true and correct record.**

## **33. PUBLIC SPEAKING**

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

## **34. 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, all committees were now being held remotely. The legislation which was put in place at the beginning of lockdown would remain in place until 7<sup>th</sup> May 2021, although it was anticipated that this would be reviewed prior to that date and that remote meetings would continue well into 2021.

The Principal Solicitor further advised Members that the Local Government Association (LGA), the Association of Lawyers in local government and the Association of Democratic Services Officers (ADSO) had collectively written to the government regarding the ability to hold remote meetings, not only until May 2021, but also to continue to hold some meetings remotely in the future. Members would be kept updated with any responses received.

The Principal Solicitor drew Members attention to the report, which highlighted that, the Constitution Review Working Party had continued to meet and at its last meeting had discussed delegations in respect of Section 106 monies and delegations to officers for some planning applications being considered at Planning Committee. A report on their findings was presented to full Council on 16<sup>th</sup> November 2020.

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

## **35. PROGRESS ON BEST PRACTICE RECOMMENDATIONS FOR AUDIT, STANDARDS AND GOVERNANCE COMMITTEES**

The Principal Solicitor presented a report on the progress of Best Practice Recommendations and in doing so drew Members' attention to the Recommendations, the Committee on Standards in Public Life (CSPL) Local Government Ethical Standards -15 Best Practice Recommendations and the updated Arrangements for handling Member Complaints.

It was reported to Members that the CSPL Local Government Ethical Standards -15 Best Practice Recommendations ran parallel with a review of the Code of Conduct. Issuing a model Code of Conduct, in the interim, the CSPL had also issued the Best Practice Recommendations that they felt councils should adopt when dealing with the code of conduct and the processes in place for handling member complaints.

The CSPL had required an update on what the council had done / were doing to meet the Best Practice Recommendations.

Members were asked to note that, by and large the council had implemented all of the recommendations and that there were only two elements that needed to be addressed.

Members were informed that it was a statutory requirement to have Arrangements in place as to how the Council would handle complaints, and it was felt that this was the correct place for two of the recommendations to be included. Members were advised that the Monitoring Officer in conjunction with the Independent Person would decide whether complaints should be further investigated.

Should Members be minded to agree with the Recommendations as detailed in the report, then officers could answer positively to the majority of questions that had been asked by the Chairman of the Standards Committee.

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Some Members commented that, if there was a conflict of interest by the Monitoring Officer, there was the Worcestershire Network of Monitoring Officers, but there was nothing regards a potential conflict of interest if the complaint involved the Monitoring Officer and therefore, she would delegate that to another Monitoring Officer. There were no formal mechanics so that the Monitoring Officer could delegate any such complaints to another Monitoring Officer within the County, if she felt that there was a conflict of interest and that she could not personally resolve the complaint.

The Principal Solicitor responded and in doing so stated that she was happy to take this up with colleagues. The Monitoring Officers met regularly, and she would raise this at the Monitoring Officers forum, if this could be made formal and included in the policy.

There was discussion in regard to Independent Person recruitment, and that some authorities struggled to recruit into this role. It was noted that Coventry City Council had a panel of Independent Persons that could be used by other authorities and would it be beneficial to have a committee of Independent Persons across the County that other authorities could share rather than one or two Independent Persons just for Redditch Borough Council. West Midlands Combined Authority used this arrangement along with West Midlands Fire authority.

The Principal Solicitor informed the Committee that this was already implemented across the County and where necessary / relevant, other authorities would make one Independent Person available to another authority. However, she was happy to take the suggestion forward, as there was no formal agreement in place. But as part of the review process, this could be considered as part of those review discussions. She was happy to look at the possibility of a panel of Independent Persons. In addition to this it was queried how often the Independent Person was changed and what training they received to ensure that safeguards were in place in order to maintain a transparent and healthy authority.

Members queried the role of the Monitoring Officer and the Principal Solicitor explained that the Monitoring Officer was a member of the

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Corporate Management Team, who reported directly to the Chief Executive / Head of Paid Service. It was clarified that this was a statutory role within the Local Government regulations and Housing Act 1989, which required local authorities to have a number of statutory officers. The Monitoring Officer was responsible for ensuring that the authority acted lawfully and within the statutory framework of all the functions and powers that the council executed.

The Chief Executive reiterated this, and further added that the Monitoring Officer post was one of the three statutory officer roles within the authority, and as such had autonomy within that perspective in order to ensure that the Council accords with all procedures the Council had. As Head of Paid Service, his role was to make sure that that person was suitably equipped in order to discharge their functions and to be trained and developed to keep up with current legislation.

The Principal Solicitor took the opportunity to further explain to Members that with regard to the Independent Person, the Council had established very good working relationships with the existing Independent Person; and in her personal opinion that was not something you might have with a revolving panel of Independent Persons. It was very important that you built up an understanding around the Council's Code of Conduct, legislation and all of the framework under the Localism Act and Code of Conduct for handling Member complaints. That relationship was very important and generally Independent Persons had been very upstanding members of the community who had filled those roles. Therefore, they were not expected to undertake the same training offered to Members.

The Principal Solicitor agreed to provide further reports at future meetings of the Committee on the new national Model Code of Conduct.

It was clarified to Members that the Standards Hearing Sub-Committee comprised of three Members from the parent Committee (Audit, Governance & Standards), it was not politically balanced, as the political group of the Councillor who was the subject of the

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complaint had to be taken into account. Furthermore, the Chair would not be from the same political group as the Councillor who was the subject of the complaint.

In response to Members, the Principal Solicitor undertook to find out if the Independent Person was a paid position and to provide the information to Committee Members.

## **RESOLVED that**

- a) the amended arrangements for the handling of Member complaints, be approved; and**
- b) the Council's response to the Chairman of the Committee of Standards for Public Life's recommendations be approved and returned to him before the deadline of 30<sup>th</sup> November 2020.**

## **36. GRANT THORNTON - PROGRESS AND SECTOR UPDATE**

Members received an update report from the Engagement Lead for Grant Thornton on progress in delivering their responsibilities as the Council's external auditors.

The Engagement Lead for Grant Thornton drew Members' attention to the progress at 9<sup>th</sup> November 2020, and in doing so stated that officers were totally committed to getting the audit completed. However, currently they were not in a position whereby they could commission that audit opinion. Members were asked to note that, officers had had to reprofile various projects, but additional resources were being made available.

In order to meet legal requirements, officers were required to place a notice as such on the Council's website that the audit was still ongoing, once the audits were completed, the notice would be replaced with the Council's financial statements.

Members' attention was further drawn to the following:

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- The total additional audit fees that could be around £20,000. These additional fees would be discussed with Members, the Chief Executive, the Acting Director of Resources; with any additional agreed fees also needing approval from the Public Sector Audit Appointment (PSAA).
- The Value for Money Conclusion would be reported to the next meeting of the Committee and 'Other Areas, which included certifying the Council's Housing Benefit Subsidy claim.
- The Outcome of The Redmond Review.

In response to Members, the Engagement Lead for Grant Thornton stated that Covid-19 had absolutely had an impact and had presented challenges to both themselves and the Finance team and the responsibilities they had.

Members were informed by the Head of Finance and Customer Services that officers had historically struggled to get some of the required documents readily available because of having to rely on multiple and archaic systems. The new Enterprise Resource Planning (ERP) system would provide the required documents more easily and readily and officers would then be in a position to use the new ERP system to generate detailed documents for future audits.

In response to Members, the Head of Finance and Customer Services explained that he was anticipating that the new ERP system would go live by the end of January 2021. There had been some delays for additional testing, but officers were hoping that the core system would be ready to go live at the end of January 2021 and then embedded into the service area.

The Engagement Lead for Grant Thornton further commented that lessons had been learnt with regards to remote working and that regular communication was important. The Chief Executive also added that staff had received extensive support around remote working.

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The Head of Finance and Customer Service further commented that the audit timescale being extended was not ideal, however, the Chief Executive had been very supportive and had dedicated additional resources into the Finance department and officers were anticipating that everything would be completed by January 2021.

The Chief Executive took the opportunity to thank the Engagement Lead for Grant Thornton and his team for the work carried out with the Finance team. Additional support had been provided to the finance team, but it was a national problem. However, officers still wanted to complete things as quickly as possible.

The Chief Executive, the Head of Finance and Customer Service and the Engagement Lead for Grant Thornton reassured Members that everyone was working closely towards January 2021, and officers were confident. However, should this date not be met, Members would be kept fully informed.

Members took the opportunity to thank all officers for their hard work.

**RESOLVED that**

**the report be noted.**

## **37. 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 work for 2020/2021 for the period 1<sup>st</sup> April to 31<sup>st</sup> October 2020.

Members' attention was drawn to the following:

- Two reviews had been finalised since the last meeting of the Committee.
- Seven reviews, on the core financials, were moving through the scoping and testing stages, and once they were finalised, they would be presented to the Committee.

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- A review was undertaken on behalf on Worcestershire County Council on Disabled Facilities Grants.
- National Fraud Initiative data set uploads had been ongoing from the beginning of October for Redditch Borough Council with regard to 2020/2021. Data set uploading would continue until December 2020.
- The outcome of the Quality Assurance Improvement Plan.

As referred to, during the previous agenda item, by the Engagement Lead for Grant Thornton, Covid-19 had had an impact on carrying out audits.

Members were informed that Internal Audit had adopted a new way of working, although not fully remotely. Officers were looking at how best they could ensure that they undertook as much of the 2020/2021 audit programme as possible over the next few months. There could be a need to roll forward 1 or 2 lesser risk audits into 2021/2022. Officers would endeavour to provide Members with an overview of the current 2020/2021 audit plan and a draft of the proposed audit plan for 2021/2022. It was noted that it was easier to liaise with officers in the workplace than by remote working, but he assured Members that the quality of the work for audit reviews had remained high, very much focused on risk and the impact and implications that had.

Some additional work was required to be undertaken in respect of Covid-19 grants administered for Redditch Borough Council to businesses and residents but that there was still work to be done on this in order to identify and deal with any potential frauds associated with these particular grants. This would be featured in next year's audit plan and resources would be allocated for this ongoing work in order to ensure the protection of the public purse as best as we could.

In response to Members, the Head of the Worcestershire Internal Audit Shared Service highlighted from their perspective this was a high-risk area for all authorities. The National Fraud Initiative (NFI) required an upload of a data set which would be checked against other data sets from a national perspective and they would report

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back any potential matches which 'may' indicate fraud. This would then be looked at by either internal audit or the Revenue Services Managers team, to ensure that the public purse was protected from any grants that had been fraudulently claimed or paid in error. Officers would look to recover any such money.

Members agreed that the work on Covid-19 grants and the National Fraud Initiative to be included on the Committee's Work Programme.

**RESOLVED that**

**the contents of the Internal Audit Progress Report be noted.**

## **38. CORPORATE GOVERNANCE MONITORING AND RISK - VERBAL UPDATE**

The Head of Finance and Customer Service provided Members with a verbal update on the Corporate Governance Monitoring and Risk.

Members were informed that it had been a while since officers had last provided an update. Zurich had highlighted some areas of risk that officers needed to monitor more effectively. Officers had carried out some work with Zurich to try and identify those areas, however, this had been delayed due to Covid-19.

Since the last update to Members, officers had carried out a huge amount of work around the business interruption planning and the business interruption plans, which were quite detailed and included how officers could work off site in response to Covid-19. Officers had continued to update those plans as they have learnt more during Covid-19 and risks were much more effectively managed.

Officers had also produced a more effective risk strategy which would be circulated to the Members at the next Committee meeting.

Members were further informed of the items now included on the Corporate Risk Register as follows:

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- Failure to be non-compliant with Health and Safety regulations.
- Failure to deliver a sustainable financial plan for the general fund of HRA.
- Failure to manage the impact of Covid-19.
- Failure to manage the impact of Brexit.
- Business Continuity Plans
- Failure to deliver the Council Plan.
- IT system infrastructure.

Councillor Warhurst took the opportunity to thank multiple officers, who had done a fantastic job managing health and safety, Personal Protective Equipment and the initiatives put in place to protect staff and keep them safe. He expressed his gratitude to officers across the Council.

It was agreed that a written report would be presented to Members at the next Committee meeting.

## **RESOLVED that**

the verbal update be noted.

### **39. RISK CHAMPION UPDATE**

Councillor D. Thain briefly informed the Committee that he had volunteered for the role of Risk Champion, as his background was in finance and he was also the Portfolio Holder for Finance and Enabling. Councillor Thain expressed his thanks to Councillor Fisher for endorsing him when he volunteered for the role and he welcomed the opportunity of contributing to risk management.

## **RESOLVED that**

the Risk Champion Update be noted.

### **40. INDEPENDENT MEMBER RECRUITMENT - VERBAL UPDATE**

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The Head of Finance and Customer Services provided a brief verbal update with regard to recruiting an Independent Person for Audit.

Members were informed that officers had tried to recruit into this role, but had not been successful, despite trying a number of times. Members were asked to note that the role of an Independent Person for Audit was not a legal requirement, however it was considered best practice.

The Head of Finance and Customer Service questioned if Members still wanted officers to have an Independent Person for Audit in place because of the difficulties experienced and not being successful and achieving getting someone to take on this role.

Members agreed that officers should continue to look annually to recruit into this role and the possibility of co-opting someone into the role. Members agreed that if officers were experiencing difficulties in getting someone to take on this role, there was little anyone could do.

## **RESOLVED that**

the Independent Member Recruitment be noted.

## **41. COMMITTEE 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.

## **RESOLVED that**

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

The Meeting commenced at 7.00 pm  
and closed at 8.35 pm