

# Audit, Governance & Standards Committee

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Thursday, 28th October,  
2021

## MINUTES

### Present:

Councillor Jennifer Wheeler (Chair), Councillor Juliet Brunner (Vice-Chair) and Councillors Tom Baker-Price, Luke Court, Aled Evans, Julian Grubb and Timothy Pearman

### Also Present:

Councillor David Thain, Portfolio Holder for Finance and Enabling  
Mr. J. Murray - Grant Thornton

### Officers:

Andy Bromage, Claire Felton, Chris Forrester, Simon Parry and Guy Revans

### Democratic Services Officers:

Jess Bayley-Hill and Pauline Ross (via Teams)

## 14. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillors Salman Akbar and Emma Marshall.

## 15. DECLARATIONS OF INTEREST

There were no declarations of interest.

## 16. MINUTES

**RESOLVED that**

Chair

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

**the minutes of the meeting of the Audit, Governance and Standards Committee held on Thursday 29<sup>th</sup> July 2021 be approved as a true and correct record.**

## **17. PUBLIC SPEAKING**

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

## **18. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Head of Legal, Equalities and Democratic Services presented the Monitoring Officer's report for the Committee's consideration and in doing so highlighted the following:

- There had been no new Member complaints received since the last meeting of the Committee and there were non-ongoing.
- The Council continued to strongly encourage social distancing at committee meetings, and this informed arrangements when organising meetings.
- An in-depth all Planning Member training session had taken place online on 8<sup>th</sup> September 2021. The session was concerned with 'Decision Making and Material Planning Considerations' and was facilitated by the Development Management Manager and members of the Legal department.

In response to questions with regard to two meetings of the Constitution Review Working Party being cancelled, the Head of Legal, Equalities and Democratic Services explained that meetings were scheduled throughout the municipal year 2021/2022. If there was no business to be conducted and no constitutional changes, then the scheduled meeting was cancelled.

**RESOLVED that**

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

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

## **19. GRANT THORNTON EXTERNAL AUDIT PROGRESS REPORT AND SECTOR VERBAL UPDATE**

The Engagement Lead for Grant Thornton provided Members with a brief verbal update and in doing so stated that it was unfortunate that the Audit Opinion for 2019/2020 had not yet been issued. Members were reminded that at the last meeting it was noted that there was outstanding information from officers.

The remaining issue was in regard to outstanding information on the Asset Register and one particular piece of land, which had been sold but not included on the Asset Register. The Head of Finance and Customer Services and his team were aware of this, and it had now been included on the Asset Register. It was concluded that this was a 'one off' anomaly.

The final version of the Statement of Accounts had been agreed and was ready, however, final confirmation of an electronic signature was required before the Audit Opinion 2019/2020 could be issued, hopefully before Friday 29<sup>th</sup> October 2021.

Members were further informed that their audit opinion would be as follows:

- Unqualified – Value for Money (VFM) conclusion
- Unqualified - Financial Statements Audit

It was confirmed to Members that Grant Thornton were currently liaising with the finance team with regard to the draft Statement of Accounts for 2020/2021. It was hoped that this would be finalised in quarter 1 of 2022, if not by April 2022.

Members were informed that the Audit Plan and Financial Statements 2020/2021 would be presented to the next meeting of the Committee.

In response to concerns raised by some Members in respect of whether quarter 1 was a realistic timescale for completion of the Statement of accounts 2020/2021. The Engagement Lead for Grant Thornton stated that theoretically it was possible. He also reported

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

that that this target needed to be met otherwise it could be difficult to get back on track. There was a willingness from both Grant Thornton and Finance officers to achieve this. It was reported that the draft accounts and working papers were needed and that it would be necessary to complete this work by April 2022 at the latest, before going into a heavy workload with NHS accounts and other local authorities accounts.

In response to further questions raised, the Head of Finance and Customer Services commented that the size of the Finance team had been reduced due to officers leaving. Regarding the recruitment of new officers Members were informed that it was absolutely necessary to ensure that the right quality of people were recruited into the various vacant roles. Officers were trying to set the accounts and budget, whilst closing off the current financial year. The Head of Finance and Customer Services had endeavoured to get a set of accounts together and on time this year, whereby a lot of other Council's had not signed off their accounts.

Councillor D. Thain, Portfolio Holder for Finance and Enabling, took the opportunity to reassure Members. The Finance team had been under considerable pressure with resource issues. The new Enterprise Resource Planning (ERP) system would provide the required documents more easily and readily. Officers were doing their very best and would get the job done.

The Head of Finance and Customer Services responded to further questions with regard to staffing levels and agency staff and agreed to provide specific information to Councillor J. Brunner.

The Chair took the opportunity to thank the Engagement Lead for Grant Thornton.

**RESOLVED that**

**the Grant Thornton External Audit Progress Report and Sector Verbal Update be noted.**

## 20. INTERNAL AUDIT PROGRESS REPORT

The Committee received a report from the Head of Worcestershire Internal Audit Shared Service regarding the Internal Audit Annual Report for the period 1<sup>st</sup> April 2021 to 30<sup>th</sup> September 2021 against the performance indicators agreed.

The following was highlighted for Members' attention:

- Page 18 - detailed the reports that had been completed since the last progress report. The outcome of these audits were detailed at Appendix 3 to the report.
- Pages 18/19 - detailed the 2021/2022 audits taking place as at 30<sup>th</sup> September 2022. The Projects review had been finalised and was detailed at Appendix 3 to the report.
- Two further reviews – Worcester Regulatory Services and Strategic Acquisitions would be presented to the next meeting of the Committee.
- With regards to the high priority recommendations for:
  - Council Tax
  - NNDR 2020/2021
  - Health and Safety Training Records
  - Payroll

Members were informed that the new system would address these, once fully implemented and embedded.

- The medium priority recommendations were all clear, with management action plans and implementation dates provided.
- The National Fraud Initiative (NFI) work would continue.
- Appendix 5 to the report detailed the Quality Assurance Improvement Plan.

The Head of Worcestershire Internal Audit Shared Service responded to questions from Members with regard to implementation dates being missed, and in doing so stated that, implementation dates that had passed would be checked and any actions taken would be reported back to Committee Members. Officers usually followed up any recommendations and

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

implementation dates when they revisited that service area and would follow up on any particular areas if needed.

Officers were now going into a period of undertaking a further review and would expect items to have now been implemented. The review would be looked at in some detail, to see how the plan was looking going forward, to ensure protection of the Borough's position.

The Head of Worcestershire Internal Audit Shared Service responded to further questions from Members with regard to the Critical Review – Use of Agency staff and consultants 2020/2021. Members were informed that the Council had used Matrix for a number of years to provide certain agency staff. Agency staff had been used outside of Matrix due to the technical/specific skills required for certain staffing positions.

With regards to questions on the Council's Dashboard, the Head of Worcestershire Internal Audit Shared Service commented that the Dashboard was looked at from an audit perspective. Officers would not be looking to influence the measures to be shown on the Dashboard, they would look at the comparison/delivery for the future. A lot of work had been done and he would expect the Dashboard to reflect this and that the data entered was accurate.

The Head of Worcestershire Internal Audit Shared Service responded to further questions in respect of the Risk Register showing both operational / tactical risks being detailed. Members were informed that Officers used the Risk Register as a basis for service areas to identify potential areas where there may be a risk. The Risk Register was the responsibility of the management team and risks were considered prior to an audit taking place.

**RESOLVED that**

**the report be noted.**

## **21. HRA UPDATE**

Members received a report which detailed the Internal Audit Report – Housing Capital Programme: Position Statement October 2021.

The Head of Worcestershire Internal Audit Shared Service drew Members' attention to pages 100 and 101 of the report and were informed that the Housing Capital Programme review was originally undertaken during 2016/2017. The outcome of the review had identified several areas of the business which had required a more substantial control environment to better protect the Council. The review was reported as 'limited' assurance, with several recommendations made with 'high' priority allocation due to the nature of the potential risk identified. It was a very complex position that the Housing Management faced to enhance the control environment as one element was reliant on another and were intrinsically linked.

After a very short time the current Executive Director of Resources had required a better understanding of the risk profile associated with this area and had requested that a piece of work be undertaken in order to provide an evidenced based assurance of progress. It was agreed that to achieve this, that Internal Audit would work closely with the Housing Property Services Manager to pull together a dossier of evidence proving the progress that had been made by the Housing Team.

Appendix 1 to the report set out the position at September 2021 but included information from the three follow ups (where applicable) thus the progression.

Members' attention was further drawn to the Conclusion, as detailed on page 101 of the report.

Councillor J. Brunner congratulated Officers that 88% of the recommendations had been addressed; and further commented that it had been a pleasure working with the Housing Property Services Manager and that she had realised the difficulty of the work that had to be undertaken.

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

The Head of Environmental & Housing Property Services stated that Officers still used SAFFRON and had been making better use of the system.

In response to further questions from Members, the Housing Property Services Manager informed Members that all contracts used for Capital works had been verified. His background in surveying gave him a wide understanding of procurement and procurement regulations. The Covid-19 pandemic had prevented a lot of activities with being unable to go into resident's homes. A catalogue detailing these activities was currently with the team and they were putting together a new Capital programme, requiring those properties not surveyed to be surveyed, with a rolling programme which would be 5 years in duration. Allowing officers to enter properties to identify the work needed. With regards to properties being inspected on a yearly basis, on in the private sector; this had been picked up and was one of the things in review with the tenancy officers. Risk based checks would be carried out, not on a yearly basis, but through an on-going programme.

Members commented that a lot of hard work had been put in, moving from a reactive position to a proactive position.

The Head of Environmental & Housing Property Services further commented that in terms of going forward, the importance of the in-house works team and the reliance of contractors, the fact of having a tenancy side and a property side had meant that good links had now been built.

The Housing Property Services Manager explained to Members his role with the previous organisation he had been employed with, detailing his previous knowledge and skill set that he was now bringing to his current role within the authority.

The Housing Property Services Manager further responded to questions from Members with regards to the current framework that had been inherited and the National Framework and that frameworks were good for supplying specialist contractors. Internal



# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

refurbishments would be tendered for on an open market, using local supply chains and companies. However, there could be an increase in prices and a shortage of building materials, which would be dictated by the market.

In response to the Chair in respect of the changes that had taken place within the service area and training; the Head of Environmental & Housing Property Services informed Members that procurement training had been provided throughout the Council. Training for all members of staff in the team and all new members of staff. Officers would look at other skills that staff had, then look at any gaps internally and do a skill set appraisal, which would determine the future training offered.

The Chair took the opportunity to thank Officers for the detailed report and their responses to the questions raised.

**RESOLVED that**

**the report be noted.**

## **22. TREASURY REPORT - VERBAL UPDATE**

A verbal update in respect of the Treasury Report was provided by the Head of Finance and Customer Services, as follows: -

We have stayed below our operational borrowing limit, and consequently our authorised limit. We have had lower borrowing needs than forecast as capital schemes were delayed by Covid-19 and we have had significant grant funding from Central Government, which allowed for internal funds to be used. These had largely been used now so we would look to revert to our borrowing strategy where needed from other local authorities as it still offered best value.

There was a risk that interest rates would increase slightly in the near future as inflation was increasing, which may increase borrowing costs. In turn though this should increase the return on short term investments when made.

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

Furlough coming to an end had not seen mass unemployment, rather the opposite and we were currently struggling to hire enough staff.

Capital financing requirement was likely to be lower than forecast due to capital schemes being delayed and the minimum revenue provision paying down.

**RESOLVED that**

**the Treasury Report Verbal Update be noted.**

## **23. CORPORATE RISK REGISTER - VERBAL UPDATE**

A verbal update in respect of the Corporate Risk Register was provided by the Head of Finance and Customer Services.

Members were informed that there was currently a lot of work being undertaken with the Council's insurance provider, Zurich.

The Council's Insurance Officer had undertaken a lot of internal work and was engaging with Zurich. A report would be provided to the Corporate Management Team (CMT) and to a future meeting of the Committee.

**RESOLVED that**

**the Corporate Risk Register Verbal Update be noted.**

## **24. REVIEW OF THE ROLE OF INDEPENDENT MEMBER**

The Chair commented that she had only become aware of the Independent Member role when elected as Chair of the Committee.

The Chair continued and stated that she was aware that last year officers had tried to recruit into the role, and this had not been successful. It was quite an undertaking, as it was not a paid role and there was a lot to learn and a considerable amount of

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

paperwork to concentrate on, which took time. She could see that it was very problematic to recruit into the role.

It was noted that the role of an Independent Person for Audit was not a legal requirement, however it was considered best practice.

Further discussion took place with regard to the calibre of person recruited, training that was necessary and the possibility of a small sum of money to pay someone recruited into the role.

Officers reiterated that they had tried to recruit into the role and not one person had applied. Contact was also made with Feckenham Parish Council but there were no volunteers. There was also a cost incurred with each advertisement placed.

Members suggested if some research could be carried out and also look at how other Council's recruited into such roles and the age spectrum, look at the possibility of recruiting a finance student.

The Senior Democratic Services Officer (Redditch) commented that the Democratic Services Team could carry out some research with the S151 officer, however, it was currently a very busy time for the Finance Team. With this in mind, Members agreed to include this item on the Work Programme.

## **RESOLVED that**

**the discussion on the Review of the Independent Member be noted and research, as detailed in the preamble above, be included on the Committee's Work Programme.**

### **25. RISK CHAMPION UPDATE - COUNCILLOR BAKER-PRICE**

Councillor T. Baker-Price provided a Risk Champion update to the Committee and in doing so referred to the following: -

- The additional costs incurred with a Public Sector pay rise.
- Rubicon Leisure.
- National Insurance contributions rise.

# **Audit, Governance & Standards Committee**

---

Thursday, 28th October, 2021

- The need for a balanced budget.
- Economic factors.
- Issues around recruiting agency staff, retaining staff and recruiting sufficient staff.

Councillor Baker-Price questioned what the best approach was going forward considering the significant risks to the budget.

In response the Head of Finance and Customer Services agreed with the items referred to by Councillor Baker-Price and stated that there were micro factors, with current staffing levels and the difficulty in recruiting, which was harder when you were recruiting into specialist roles. The Public Sector pay rise could be rejected. Officers had noted that they had not seen an increase in bad debts due to the Covid-19 pandemic.

**RESOLVED that**

**the Risk Champion Verbal Update be noted.**

## **26. COMMITTEE WORK PROGRAMME**

The Senior 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 7.01 pm  
and closed at 8.47 pm