

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Wednesday, 19 September 2018 commencing
at 2:00 pm**

Present:

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| Chair | Councillor H C McLain |
| Vice Chair | Councillor V D Smith |

and Councillors:

G F Blackwell, K J Cromwell, B C J Hesketh and S E Hillier-Richardson

also present:

Councillors E J MacTiernan

AUD.19 ANNOUNCEMENTS

- 19.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 19.2 The Chair welcomed the Engagement Manager from Grant Thornton to the meeting.

AUD.20 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 20.1 An apology for absence was received from Councillor P A Godwin. There were no substitutions for the meeting.

AUD.21 DECLARATIONS OF INTEREST

- 21.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 21.2 There were no declarations made on this occasion.

AUD.22 MINUTES

- 22.1 The Minutes of the meeting held on 18 July 2018, copies of which had been circulated, were approved as a correct record and signed by the Chair, subject to an amendment at Minute AUD.9.3 to make it clear that the conclusion on the Council's value for money arrangements was an 'except for' conclusion rather than 'acceptable'.

AUD.23 AUDIT COMMITTEE WORK PROGRAMME

- 23.1 Attention was drawn to the Audit Committee Work Programme, circulated at Pages No. 14-21, which Members were asked to consider.
- 23.2 The Head of Corporate Services explained that the Counter Fraud Unit had undertaken some partnership working with the serious crime authority to develop an organised crime action plan and checklist which would be considered by the Committee at its meeting in December. Part of the checklist would look at how good the Council's control environment was in terms of combating serious crime. He also confirmed that, at its meeting in March 2019, the Council would receive an update on the progress made in implementing recommendations arising from the independent review of internal audit.
- 23.3 In response to a query regarding the possible renaming of the Committee, the Head of Corporate Services confirmed that this would be considered as part of the Constitution review which it was anticipated would be complete by the end of the year.
- 23.4 Accordingly, it was
RESOLVED That the Audit Committee Work Programme be **NOTED**.

AUD.24 ANNUAL AUDIT LETTER 2017/18

- 24.1 Attention was drawn to Grant Thornton's Annual Audit Letter 2017/18, circulated at Pages No. 22-32. Members were asked to consider the report.
- 24.2 The Engagement Manager from Grant Thornton explained that the Annual Audit Letter summarised the key findings from the work which had been carried out for the year ended March 2018. The Letter was intended to provide the commentary on the results of the external audit work on the Council and external stakeholders and to highlight the issues it wished to draw to the attention of the public. The audit had been carried out in accordance with the National Audit Office Code of Audit Practice. In terms of the key conclusions, the Grant Thornton Engagement Manager confirmed that the Council had the proper arrangements in place to ensure economy, efficiency and effectiveness in the use of resources except for the matter identified in relation to the authority's development of a robust savings plan in order to balance its budgets with sufficient capacity to manage its emerging cost pressures over the duration of the Medium Term Financial Strategy; this meant the Council had been issued an 'except for' conclusion in respect of its value for money arrangements. The work to certify the Council's housing benefit subsidy claim was not yet complete but would be finalised by 30 November 2018 and the results of that would be reported to the Committee as part of the Annual Certification Letter in December. The Annual Audit Letter certified the completion of the audit of the Council's accounts.
- 24.3 During the discussion which ensued, a Member questioned how the Council would address the 'except for' conclusion on its value for money arrangements. In response, the Head of Finance and Asset Management explained that the Transform Working Group would be considering the Medium Term Financial Strategy and, thereafter, the Council's budget. He was planning that this would be considered on a rolling two year programme to get ahead of the cycle and enable the Council to provide the external auditor's with the information required for the value for money conclusion at the right time. In respect of the 'except for' conclusion, the Grant Thornton Engagement Manager explained that Grant Thornton looked after around 40% of the local government market and an increasing number of local authorities were in a similar position to Tewkesbury

Borough Council; however, she was pleased that Officers had a plan to address it.

24.4 Accordingly, it was

RESOLVED That the Grant Thornton Annual Audit Letter 2017/18 be **NOTED**.

AUD.25 ANNUAL HEALTH AND SAFETY REPORT

25.1 The report of the Head of Community Services, circulated at Pages No. 33-50, set out a summary of the activities carried out to secure health and safety compliance in the financial year 2017/18. Members were asked to consider the Council's health and safety report.

25.2 The Committee was advised that the health and safety report was presented on an annual basis. The Council's health and safety management system included the key elements of the Health and Safety Executive's guidance document HSG65; a review of the checklist, which scored against the management system, was completed twice a year and the overall score in 2017 was 81% whereas, for this year, the score had increased to 90% and through the action plan it was anticipated that the Council could improve even further. Referring to Page No. 46, a Member noted that 40 accidents/incidents had been reported and she questioned whether this was considered to be a high number. In response, the Environmental Safety Officer explained that the number had reduced each quarter and the Environmental Health Manager confirmed that the reporting of incidents and near misses was vastly improving which meant issues that arose could be acted upon and rectified to stop them reoccurring. This was also reflected in Ubico's accident/incident statistics whereby the reporting had improved and the number of actual incidents had declined.

25.3 A Member referred to incidents involving refuse lorries and questioned whether there was a need for the widening of roads to be discussed with Planning colleagues. In response, the Environmental Health Manager explained that there was always a need for Environmental Health to input to the planning process but this was across the service rather than just refuse collection i.e. depot, grounds maintenance and street cleansing. He also offered reassurance that each near miss was recorded and, as a result, an action was generated to prompt the reassessment of rounds etc. Another Member questioned whether near misses by contractors were also reported and acted upon by the Council. In response, the Environmental Health Manager advised that, in respect of the Joint Waste Partnership, the Joint Waste Team monitored the day to day operational business but the Council maintained a responsibility to ensure all issues were picked up and acted upon. Members expressed concern about the number of near misses and accidents/incidents which were being recorded and the Environmental Safety Officer sought to offer reassurance that that this was due to improved monitoring and the extensive amount of work Officers had done with Ubico to get to that position. The whole purpose of reporting was to understand what near misses were being experienced and allow analysis so that action could be taken to prevent accidents. In addition, the Head of Corporate Services confirmed that there were a number of days in the Internal Audit Plan to assess Ubico's health and safety arrangements so Members could be assured that Internal Audit would be looking at it and a report would be submitted to the Committee in due course. A Member asked whether it would be possible to receive data from quarter one and quarter two to show how the incidents were reducing. In response, the Environmental Safety Officer confirmed that this would be possible.

25.4 Accordingly, it was

RESOLVED That the Annual Health and Safety Report be **NOTED**.

AUD.26 INTERNAL AUDIT PLAN MONITORING REPORT

- 26.1 The report of the Head of Corporate Services, circulated at Pages No. 51-66, provided the Committee with the findings of the individual audit assignments undertaken for the period April to August 2018 along with the status of internal audit recommendations followed-up in quarter two. Members were asked to consider the audit work completed and the assurance given on the adequacy of the internal controls operating in the systems audited.
- 26.2 The Head of Corporate Services explained that Appendix 1 set out the audit opinion for each individual audit assignment completed. Appendix 2 provided details of previous audit recommendations that had been followed-up and, using a red, amber, green (RAG) system, identified whether the recommendations had been implemented or not. He also clarified that all recommendations which were due for follow-up had been followed-up. The information had been provided in a new format which had been developed following a discussion with Members via a Member workshop; it was felt the Internal Audit process now gave a clearer focus on risk which had been a recommendation from the Internal Audit peer review. It also clearly set out the recommendations, priorities and implementation dates.
- 26.3 In terms of the garden waste audit, the Head of Corporate Services explained that it had resulted in two 'limited' opinions and two 'satisfactory' opinions but he was keen that this did not detract from the successful implementation of the project; lessons learnt would be taken forward and it was expected that the income would amount to around £800,000 by the end of the current year. In terms of the limited opinion, Members were advised that this was due to the fact that the collection and storage of customers' data did not comply with the General Data Protection Regulation (GDPR) as there was no retention schedule in place and a data sharing agreement was required between the Council and Ubico; this would be complete by October 2018. In addition, there were a couple of operational issues relating to stock control and the emptying of bins that were not displaying stickers and therefore were not members of the scheme. In terms of stock control, the issue was that the stickers held in stock were of monetary value and therefore should be securely held and a stock control system in place – this had now been rectified. In terms of operational issues, the collection of bins had been tested by putting unstickered bins in ten locations across the Borough; unfortunately, in five out of ten cases, the unstickered bin was emptied which showed there was work to do with Ubico to ensure crews understood they should not collect bins with no stickers. There was also a need for improved reconciliation against the ledger and a proper refund process to be established. In terms of fees, this was delegated to Officers and would be considered through the budget setting process with consideration of evidence to show the justification for any increases. Moving forward ownership of the service needed to be established and discussions on how to resource phase two were being held with the Management Team.
- 26.4 Referring to the scheme of delegation, a Member questioned whether this could be changed as she was of the view that Members needed to have a say in what decisions were, and were not, delegated to Officers. In response, the Head of Democratic Services explained that this was something which was under review and would be considered by Members in due course. In terms of the stickers for the garden waste service, a Member questioned whether Officers were addressing the problem with the colours of the stickers being bleached by the sun. In response, the Interim Corporate Services Manager explained that the team was aware of the issues and had already started the process of finding the best way forward to address them. Other Councils had been approached to understand how their stickers/suppliers differed from those used by the Borough Council and it was hoped the quality of the stickers could be improved as well as the price being reduced. The Member felt the real test of the new scheme would be the roll-over

year and whether customers were retained and new ones gained. In response, the Interim Corporate Services Manager explained that the customer base had already increased by 3,000 and now the Council had a single sign-up date the review letters would be much easier to produce. In addition, customers were now used to the new process so they would find it easier to sign-up again which should mean those customers would be retained. The new system was not as resource intensive as the old process of renewals throughout the year but it would be more work than the Customer Services Team could handle so discussions were ongoing in that regard. In terms of costs of the project, the Committee was advised these were estimated as much of the officer time was not quantifiable. There were printer costs and graphics set-up costs which could be used to offset some costs but it should also be borne in mind that there were efficiency savings from the larger mailing run as most of the work was now front loaded at the beginning of the year. In response to a query regarding a new customer who wished to sign up later in the year, the Interim Corporate Services Manager advised that the Council no longer did pro-rata payments, but in the month of September the cost to sign up was reduced by half as a special discount; this meant the scheme was seasonal and there was some concession for members joining later in the year. Another Member questioned what happened when people shared bins; whether there was a digital solution for the sticker issues; and if a word other than 'licence' could be used to describe the stickers as she felt it was intimidating to customers. In response, she was advised that the word 'licence' was only used internally - to customers it was known as a sticker scheme. In terms of the use of stickers, this was felt to be the easiest way for the collection crews to see that a customer had paid and therefore their bin should be collected; there was currently no ability for the crews to scan bins etc. to know if it should be collected. Over 69% of customers had signed-up online so it was felt the system was now much more user-friendly; in addition, there would be a minimal amount for customers to do to renew the scheme as 80% of the customer base would receive an email which asked them just to tick a box to let the Council know they wanted to continue. In terms of the collections made in error when the scheme was audited, the Interim Corporate Services Manager explained that there had been a change in Ubico's operational supervisor who was keen to work with the Council to ensure those issues were addressed and it was anticipated there would come a point where no bins were collected which did not display a sticker.

- 26.5 In terms of the audit of Council Tax, the empty homes premium had been introduced and was being applied in accordance with the policy. The policy to issue penalty charge notices was yet to be implemented as it had been approved prior to the Revenues and Benefits Manager taking up her post and she was concerned about the resources needed to implement the scheme. In terms of operational risks, audit work had been undertaken around liabilities being correctly identified and applied and a good level of control had been found. The single persons discount was one of the largest and the audit team had identified a recommendation around the disregards; that recommendation had been accepted and would be implemented at the end of June 2019 rather than 2018 as set out in the report. In respect of the Disabled Facilities Grants audit, the Council had been given an extra £112,000 and the scheme had been audited to ensure the money had been spent for the purposes intended – there was one recommendation from the audit which identified the need to evidence the completion of works at Severn Vale properties rather than accept a verbal assurance. In response to a query regarding the extra funding, the Environmental Health Manager explained that the money had to be spent relatively quickly so the rules on what it could be used for had been relaxed meaning it could be used for items such as ramps.

- 26.6 Referring to the audit on the General Data Protection Regulation, the Head of Corporate Services explained that, whilst data retention schedules were in place for each service area, there was some inconsistency and there was a corporate approach ongoing to address this and ensure the functions in all services were adequately covered - he was confident this would be achieved by the end of November. The ultimate aim would be to amalgamate all of the retention schedules into one document which was the reason they needed to be consistent. During the discussion which ensued, a Member questioned when Councillors would be provided with footers for their emails to ensure they were compliant with the General Data Protection Regulation. He understood this had been addressed in other authorities and felt Tewkesbury Borough Council needed to ensure it was keeping up. In response, the Head of Democratic Services advised that she was aware that work on this matter was being undertaken and she would follow that up after the meeting. Members asked that a definitive timescale be obtained and that they be advised accordingly.
- 26.7 Referring to Appendix 2, the Head of Corporate Services explained that, of the outstanding audit recommendations, 12 had been implemented; seven had been partially implemented; and nine had not been implemented. In terms of those partially implemented, Members were advised that there were some issues with data retention in relation to commercial properties and this would be updated and completed by the end of quarter two; it was felt there was scope for the bulky waste service to be more commercial but the review of that service would now be undertaken as part of the wider waste project; the ICT environmental controls would be picked up within the remit of the new ICT Operations Manager and new dates for implementation would be agreed; the Key Performance Indicators (KPIs) in respect of Ubico had been discussed at the Corporate Governance Group and there were days allocated in the second half of the audit plan to revisit the audit of Ubico and provide Members with a clear picture on where the Council was with the client monitoring of Ubico; in terms of the licensing audit there was an action plan arising but the service was currently part of the review of Community Services and that work had taken priority. In terms of the ICT requirements for Councillors, the implementation date for the project had been amended in line with the new Council term from May 2019.
- 26.8 During the discussion which ensued there was concern expressed about the Ubico client monitoring and the fact that implementation dates kept getting changed. The Head of Corporate Services agreed that this was an issue and reassured Members that the Head of Community Services was picking up issues and dealing with them as and when they arose – there were two recommendations around KPIs and those had been discussed at length by the Overview and Scrutiny Committee; once the new KPIs were in place it was intended they would be audited to check they were accurate and being monitored correctly. In terms of the IT within the Public Services Centre building, Members felt the Wi-Fi and mobile issues needed to be addressed and that this must be a priority, especially in respect of the Growth Hub. The Vice-Chair proposed, and it was seconded, that action be taken as a priority to ensure the technology within the Growth Hub was effective.
- 26.9 Accordingly, it was
- RESOLVED**
1. That the audit work completed, and the assurance given on the adequacy of internal controls operating in the systems audited, be **NOTED**.
 2. That action be taken as a priority to ensure the technology within the Growth Hub is effective.

AUD.27 INTERNAL AUDIT SIX MONTH PLAN 2018/19

- 27.1 The report of the Head of Corporate Services, circulated at Pages No. 67-73, set out the Internal Audit Six Month Plan 2018/19 which Members were asked to approve.
- 27.2 The Head of Corporate Services explained that the Public Sector Internal Audit Standards Ref 2010 (Planning) required that the Chief Audit Executive be responsible for development of a risk based plan. Ref 2030 (Resource Management) required that the Chief Audit Executive also ensured internal audit resources were appropriate, sufficient and effectively deployed to achieve the plan. In November 2017, an external assessment of internal audit activity had been undertaken and recommendations made to improve the internal audit process. A workshop had been held with Audit Committee Members to consider those recommendations and the action plan in detail and, as part of the implementation of that plan, the Members at the workshop had agreed to the development of a six-month audit plan. The setting of the six-monthly plan enabled a more flexible approach to be undertaken to audit planning, rather than a more rigid annual plan, which recognised the changing environment in which the Council operated.
- 27.3 The first six-month plan (April to September) had been agreed by the Committee in March 2018 and the status of those planned audits was set out at Appendix 2 to the report. A number of audits were in progress at the time of writing the report but would be completed by the end of the period. There would be an outstanding audit in relation to ICT and a draft risk assessment for that service had been undertaken which, when finalised in October, would help inform the areas to be audited; days would be carried forward to the second half of the plan to address this. Based on the work in the first six months, 15 days of audit work would be taken forward to the proposed plan for October to March. During that plan period, set out at Appendix 1 to the report, it was intended that audits would be undertaken on the General Data Protection Regulation; the project management framework; the serious crime framework; the National Non Domestic Rates (NNDR) subsidy claim; Ubico client monitoring; ICT; Section 106 and Community Infrastructure Levy payments; and Ubico health and safety. Days were also set aside for Internal Audit quality assurance and improvement; consultancy and advice and follow-up reviews.
- 27.4 The Head of Corporate Services explained that a thought he had for the future was the introduction of audit days for 'Member choices' with the idea that Members could ask the Internal Audit team to look at certain areas; he would need to consider carefully how this could be managed before he was able to understand whether it was a realistic option but he undertook to update Members in due course.
- 27.5 Accordingly, it was
- RESOLVED** That the Internal Audit Six Month Plan 2018/19 (October-March), as detailed at Appendix 1 to the report, be
- APPROVED.**

The meeting closed at 3:20 pm