

TEWKESBURY BOROUGH COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 18 September 2019 commencing at 2:00 pm

Present:

Chair

Councillor V D Smith

and Councillors:

C M Cody, L A Gerrard, P A Godwin, D W Gray (Substitute for H C McLain), M L Jordan (Substitute for H S Munro) and P E Smith

A&G.20 ANNOUNCEMENTS

20.1 The evacuation procedure, as noted on the Agenda, was advised to those present.

A&G.21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

21.1 Apologies for absence were received from Councillors H C McLain (Vice-Chair), P McLain and H S Munro. Councillors D W Gray and M L Jordan would be acting as substitutes for the meeting.

A&G.22 DECLARATIONS OF INTEREST

22.1 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.

22.2 There were no declarations made on this occasion.

A&G.23 MINUTES

23.1 The Minutes of the meeting held on 24 July 2019, copies of which had been circulated, were approved as a correct record and signed by the Chair.

A&G.24 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

24.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 11-18, which Members were asked to consider.

24.2 The Head of Corporate Services advised that the revised Whistleblowing Policy would be added to the Agenda for the meeting on 11 December 2019 and the Work Programme would be updated accordingly. The representative from Grant Thornton indicated that the External Auditor's Certification Year End Letter March 2019 currently appeared on the Work Programme for both the December 2019 and March 2020 meetings and she confirmed it would only need to go to the December meeting.

24.3 A Member questioned whether there had been any changes to prior years in terms of the scope of the work and was advised that the items of business were generally the same with a number of standard reports presented on a regular basis, e.g. the Internal Audit Plan Monitoring Report and Six Month Plan; notwithstanding this, additional items did come forward such as the Local Authority Serious and Organised Crime Checklist, which had been added to the Agenda for the meeting in December but had not been included in the Work Programme for 2018/19, and the Anti-Fraud and Corruption Policy which was on the Agenda for the current meeting and was reviewed every three years. The Member queried whether any items had arisen as a result of failings or recommendations and the Head of Corporate Services confirmed that these tended to be picked up in the Internal Audit Monitoring Report which included an appendix on outstanding recommendations arising from internal audits. He clarified that there had been no 'unsatisfactory' audit opinions last year. In response to a query regarding the Local Authority Serious and Organised Crime Checklist, the Head of Corporate Services explained that this had been identified as an improvement when the Corporate Management Team had gone through the process of compliance with the checklist and it would be brought to the Committee in December to give assurance to Members that it was progressing as it should be.

24.4 It was

RESOLVED That the Audit and Governance Committee Work Programme be **NOTED** subject to the following amendments:

- 11 December 2019 – Additional item to consider the revised Whistleblowing Policy; and
- 25 March 2020 – Removal of 'External Auditor's Certification Year End Letter March 2019'.

A&G.25 COUNTER FRAUD AND ANTI-CORRUPTION POLICY

25.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 19-36, which highlighted the proposed changes to the Counter Fraud and Anti-Corruption Policy. Members were asked to recommend to the Executive Committee that the updated policy be approved and that authority be delegated to the Head of Finance and Asset Management to approve future minor amendments in consultation with appropriate Officers, One Legal and the Lead Member for Corporate Governance.

25.2 The Counter Fraud Manager advised that the Counter Fraud and Corruption Policy had last been considered by the Audit Committee in September 2016 and had now been amended to reflect changes to data protection legislation following the introduction of the General Data Protection Regulation. The Chair thanked the Counter Fraud Manager on behalf of the Committee for the continued work of the Counter Fraud Unit and it was

RESOLVED That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that the revised Counter Fraud and Corruption Policy be **APPROVED** and that authority be delegated to the Head of Finance and Asset Management to approve future minor amendments in consultation with appropriate Officers, One Legal and the Lead Member for Corporate Governance.

A&G.26 ANNUAL AUDIT LETTER 2018/19

- 26.1 Attention was drawn to Grant Thornton's Annual Audit Letter 2018/19, circulated at Pages No. 37-50. Members were asked to consider the report.
- 26.2 The representative from Grant Thornton explained that the Annual Audit Letter summarised the key findings from the audit of the financial statements and the work on the value for money conclusion that had been carried out for the year ending March 2019. All of the matters had been presented to the Committee during the course of the year and the letter was a succinct document which was designed to communicate key messages to stakeholders. In response to a query regarding the valuation of the net pension liability which had been identified as a significant risk, Members were informed that the figures were immaterial in the context of the total amount and it was an evolving picture so this was a best estimate. A Member questioned whether everyone was familiar with the concept of materiality and sought clarification as to how the £750,000 had been arrived at. The representative from Grant Thornton explained that materiality for the audit of the financial statements had been set at £750,000 which was approximately 2% of the Council's gross revenue expenditure; a lower threshold of £37,000 had been set for reporting of errors, i.e. anything above that would be reported to the Committee, as that was material in her view. It was noted that Tewkesbury Borough Council was at the lower end of the risk profile. The Member went on to indicate that it was his understanding that Grant Thornton had a high level of confidence that, if the financial statements were mis-stated by more than £750,000, this would be identified through testing but he pointed out that it could be mis-stated up to that level and that would not necessarily be picked up. In response, the representative from Grant Thornton advised that a statistical sample did not include anything below £750,000 which was why additional sampling was undertaken behind the scenes and it was the cumulative impact of all errors which was assessed against the level of tolerance. In response to a query, the representative from Grant Thornton confirmed that materiality was set at an appropriate level for a local authority of Tewkesbury Borough Council's size; this was generally kept as simple as possible i.e. as a percentage of overall spend.

26.3 It was

RESOLVED That the Grant Thornton Annual Audit Letter 2018/19 be **NOTED**.

A&G.27 ANNUAL HEALTH AND SAFETY REPORT

- 27.1 The report of the Head of Community Services, circulated at Pages No. 51- 69, provided a summary of the activities carried out to secure health and safety compliance in the financial year 2018/19. Members were asked to consider the report.
- 27.2 The Head of Community Services advised that the health and safety report was presented to the Committee on an annual basis to allow Members to consider health and safety arrangements across the organisation and those of its contractors and partners. Health and safety and wellbeing was managed via the Keep Safe, Stay Healthy Group which was chaired by the Deputy Chief Executive and attended by senior managers as well as the Lead Member for Organisational Development. The report itself, attached at Appendix 1, was both backward and forward looking with key achievements from the last 12 months highlighted at Page No. 59 and a summary of the good work that had been done throughout the year set out at Page No. 60 which included a considerable amount of training. There were a number of policies/procedures related to health and safety and it was noted that these were reviewed on a rolling three year programme. Members were reminded that health and safety was not just about the physical aspects, mental wellbeing was an

important consideration and a significant amount of work had been carried out with HR in relation to that which would continue over the coming year. The Council also had a duty to monitor health and safety of contractors, particularly the larger ones such as the leisure centre and Ubico which were highest risk. Ubico had recently achieved the Occupational Health and Safety standard ISO45001 which provided a framework for organisations to instigate proper and effective management of health and safety in the workplace. It was noted that the Council was also responsible for the management and monitoring of the Materials Recovery Facility contract with Suez Resource and Recovery Ltd. which was based in Avonmouth. The Health and Safety Work Plan for 2019/20 was attached at Pages No. 67-69 of the report.

27.3 A Member noted there had been a spike in the number of personal accidents/incidents relating to waste, street cleansing and grounds maintenance in December 2018 and he asked if this was weather-related and how it compared to previous years. The Head of Community Services explained that, unfortunately, Ubico had not been monitoring health and safety as well as it should have been and had reported only four accidents during 2018/19 which was highly likely to be an under-estimate purely due to the nature of the service; he gave assurance Officers were confident that had now been addressed and accurate figures would be provided for 2019/20. The Chair felt that the majority of information within the report was encouraging and he made particular reference to the positive reactions to the way staff had responded to an incident which had been subject to RIDDOR reporting (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013). Staff health and wellbeing, particularly in terms of mental health, was a very important issue for the Council and he was pleased that awareness was being raised and that staff were engaged.

27.4 Accordingly, it was

RESOLVED That the annual health and safety report be **NOTED**.

A&G.28 CORPORATE RISK REGISTER

28.1 The report of the Head of Corporate Services, circulated at Pages No. 70-90, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.

28.2 Members were advised that the corporate risk register was a high-level tool which helped management to consider what the corporate risks were and how they were being managed. The scoring was based on three stages: gross risk score – the inherent risk without any mitigating controls in place; current risk score – the assessed risk after the application of controls; and target risk score – the proposed risk score by applying future controls if the current risk score was deemed to be too high. The register was used to inform the Internal Audit Plan as risks were followed-up to give the Committee assurance that controls were in place and working effectively. It was presented to the Corporate Management Team on a monthly basis and further reviewed by the Corporate Governance Group. The register was attached at Appendix 1 to the report; it was noted that each risk had a designated owner who was accountable for the risk and a comments box to update Members. The key actions arising since the register was last presented to the Committee in July were set out at Page No. 72, Paragraph 3.1 of the report. With regard to Ref. 3 – Cyber Security, Members were advised that awareness training had been arranged for Members in October, the Executive Committee had recently approved a new two year post within the IT team and a new firewall was being procured. In terms of Ref. 7 – Waste Partnership, it was noted that a Depot Services Working Group had been established by the Overview and Scrutiny Committee with the intention of dealing with all Ubico issues in one place and these meetings would be attended by the Lead Member and the Chair of Audit and Governance Committee. With respect to Ref. 8 – Asset Management, Members were informed that the

refurbishment of the vacant ground floor space at the rear of the west wing was now complete and being occupied by the County Council which had signed a new long term lease for all areas of occupation within the Public Services Centre. It was noted that Ref. 6 – Emergency Planning and Ref. 13 – Fraud and Corruption had both been added to the corporate risk register as part of the work undertaken during the last quarter. The findings of the emergency planning audit were contained within the Internal Audit Monitoring Report which was the next item on the Agenda. In terms of emergency planning, whilst there was confidence that the Council was fulfilling its duties, it was recommended that a training programme be formalised and properly documented and a schedule of test exercises carried out. In addition, it was considered that all members of the response team should be provided with a mobile telephone and the Resilience Direct network should be reviewed to ensure that all documentation was up-to-date. The risk assessment update was presented to the Emergency Planning Team Leader meeting every quarter and it was recommended that each Team Leader should provide feedback to their teams, for example, the Head of Corporate Services advised that he headed up the co-ordination team which set-up the IT room in the event of an emergency and he should be accountable for that as opposed to the District Emergency Planning Liaison Officer (DEPLO). There were also recommendations around updating job descriptions to reflect emergency planning requirements in order to address inconsistencies which had been identified. Overall, it was considered there was a satisfactory level of control within the systems audited.

- 28.3 In response to a query regarding the type of emergencies which may require these arrangements to be put into effect, the Head of Community Services indicated that flooding was an obvious one for the borough and Officers were well versed in how to respond to that particular emergency; however, there were other “rising-tide” events, such as Brexit which the county had been preparing for via the Local Resilience Forum over the past year. The other significant emergency event which had occurred since he had worked at the authority was the water supply outage in December 2017 when 10,000 properties within the borough had been left without water for up to 72 hours; in addition, there had been an incident with a fire in Brockworth which, although not a major emergency, had required a similar reaction from Officers. A Member recognised that Tewkesbury Borough Council had its own plans in place but he questioned what happened if the Council Office building was compromised, how the Council interacted with other partners, such as the Police and Fire Service, and whether someone stepped in to perform a liaison role to ensure there was a co-ordinated response. The Head of Community Services confirmed that Tewkesbury Borough Council had a business continuity plan in the event that the building was inaccessible etc. The Local Resilience Forum met twice a month and there were currently strategic and tactical groups looking at Brexit – in the run up to 31 October, when the United Kingdom was due to leave the European Union, meetings would take place daily. A lot of information was fed up to COBRA, the government’s emergency committee, and in the event of a major incident being declared by a single agency, all other Local Resilience Forum agencies would be notified in accordance with Operation Link and, within hours, the DEPLO would be engaged in a teleconference or face to face meeting to discuss that emergency. In response to a query regarding Brexit, Members were informed that the biggest risk for the Council was a concurrent event, for example, if there was a flood event and the Police had been deployed to another part of the country as they were obliged to provide mutual aid to other authorities. A Member queried where the rest centres were located within the borough as this had been unclear when trying to provide a safe place for the families affected by the recent fire in Brockworth who had ultimately been taken to the community centre. The Head of Community Services explained that there were a variety of rest centres across the borough and he undertook to let Members know their locations following the meeting. In terms of the fire in Brockworth, he provided assurance that everyone had been accommodated very quickly - before anyone from the Council had arrived on the

scene - but it was likely that the community centre was the rest centre location in that area which was why the families had been taken there. He also pointed out that a rolling programme was in place to work with Parishes to ensure they had emergency plans so this would include Brockworth at some point. The Head of Corporate Services confirmed that there was a debrief following every emergency event and there were always lessons to be learnt from each incident. The Chair felt that the audit demonstrated how much emergency planning had progressed since the flooding in 2007 and he was amazed at the work that had been done.

28.4 The Head of Corporate Services went on to draw attention to Page No. 87 of the report which related to the risk around the Council's fraud and corruption framework and he advised that an audit had been undertaken to assess whether this was robust. Audit testing had concluded that there were appropriate mitigating controls on the policy framework and there was an action to regularly review key policies such as the Counter Fraud and Anti-Corruption Policy which had been considered earlier in the meeting. He indicated that Tewkesbury Borough Council was a fairly low risk authority due to the nature of its services, for instance, it did not have its own housing stock, Ubico was responsible for depot services and the leisure centre had transferred to Places for People; nevertheless, it was always important to be alert in terms of potential areas of risk. It was noted that there was an additional risk around the Ashchurch bridge project which was likely to be included in the corporate risk register in the next quarter. Members were advised that all risks would be picked up by the Internal Audit team and audits would be undertaken at appropriate points in order to add value; all key risks were monitored and managed to ensure key milestones were reached and the relevant governance was in place to deliver at the correct time.

28.5 Having considered the information provided, it was

RESOLVED That the risks and mitigating controls within the Corporate Risk Register be **NOTED**.

A&G.29 INTERNAL AUDIT PLAN MONITORING REPORT

29.1 The report of the Head of Corporate Services, circulated at Pages No. 91-112, summarised the work undertaken by the Internal Audit team since the last Committee. Members were asked to consider the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.

29.2 The Head of Corporate Services advised that the full details of the audits undertaken were attached at Appendix 1 to the report and two of those - emergency planning and the fraud and corruption framework - had already been discussed under the previous Agenda Item. A list of audit recommendations that were due to be followed-up could be found at Appendix 2 to the report; of the 24 recommendations, 10 had been implemented, 11 partially implemented and three were yet to be implemented. It was noted that revised implementation dates had been agreed for those recommendations which were partially, or yet to be, implemented.

29.3 With regard to the debtors audit, Members were informed that the key financial systems were always well managed and resulted in good opinions which was reflected in the external auditors' reports. There was a good level of assurance that invoices raised were correctly coded and that systems were properly reconciled with regular updates to budget holders. An audit had also been carried out in relation to the serious and organised crime framework; whilst Tewkesbury Borough was a low risk area, this was a serious problem which cost the UK more than £24 billion per year. Whilst there was a satisfactory level of assurance that hackney carriage and private hire driver licensing processes gave consideration to the serious and

organised crime framework, there were procedural issues which could be sharpened up, for example, all renewal applications were verified by two Officers and it was recommended that those checks were demonstrated on the software system to show the separation of duties. The second recommendation related to Disclosure and Barring Service (DSB) checks which were not consistently demonstrated for operator applications. In addition, the data filled in on the system needed to be enhanced to demonstrate that safeguarding training had been completed by all licensed drivers in accordance with policy which required this to be undertaken within six months of the licence being granted. It was also recommended that a regular sample check of hackney carriage and private hire driver, vehicle and operator licences should be undertaken to ensure that all information had been accurately recorded into the software system and that all procedures were being followed correctly. It was noted that the Council's Constitution delegated the granting of a licence to the Licensing Officer with any potential refusal to be submitted to the Licensing Sub-Committee for determination; however, in 2018, two refused applications had not been submitted to a Licensing Sub-Committee so the recommendation around spot-checks should ensure a consistent approach in future. With regard to revoking a licence, the Senior Licensing Officer had indicated that this was rare with only three recorded between 2007 and 2012; notwithstanding this, the reasons for the revocations had not been recorded and that was expected as good practice. In terms of enforcement, the licensing policy was currently being reviewed and the Senior Licensing Officer had advised that one of the proposed changes was to introduce a 'three strikes' system whereby complaints and breaches of conditions would result in the imposition of a 'strike' – on reaching three strikes within a given period, the driver would be referred to a Licensing Sub-Committee for a review of their licence. The final recommendation was around demonstrating that complaints around drivers were processed and linked to the licence rather than held centrally. The Head of Corporate Services advised that the Senior Licensing Officer had joined the authority fairly recently and was currently addressing these legacy issues so it was hoped that the follow-up audit would be positive. A Member questioned whether Officers actually met the hackney carriage and private hire drivers to ensure they were who they purported to be and the Head of Community Services confirmed that Officers controlled the application process, which included a DBS check, and tended to see the applicants face to face as part of that to check their paperwork. He gave assurance that, once a licence had been granted, enforcement action could be taken at any time if an incident was brought to Officers' attention.

- 29.4 With regard to Appendix 2, a Member drew attention to Page No. 110 of the report which stated that a risk assessment of licensed premises should be carried out in accordance with the Council's statement of licensing policy and sought clarification as to what that meant. The Head of Community Services explained that, whilst it was not a requirement for licensed premises to be risk-rated, it was considered good practice – there were no high risk premises within the borough, e.g. nightclubs, but public protection was a licensing objective so it was intended to come up with an inspection programme to ensure that all premises were complying with their licences. In response to a query, Members were informed that, historically, there had not been an inspection programme in place but a commitment had been made to the Licensing Committee that this was to be implemented now that the Senior Licensing Officer was in post.
- 29.5 A Member noted that two recommendations arising from the bulky waste audit were still outstanding despite the implementation dates having been changed at least twice and he sought an explanation as to the reasons why. The Head of Community Services advised that the timescales that had originally been agreed for these particular recommendations were very ambitious and, although Officers had tried to move forward as quickly as possible, there had been a number of audits of services within his area over the year which had inevitably impacted on resources.

Pages No. 112 and 113 of the report detailed three recommendations arising from the Ubico audit and he considered the one in relation to budget monitoring of the Ubico contract was the most important so that had taken priority and had now been implemented. Nevertheless, he stressed that all of the work would be done and he would work through the outstanding recommendations accordingly. In terms of bulky waste specifically, he confirmed that the review was progressing well. In response to a query as to who set the implementation dates for the recommendations, the Head of Community Services advised that these were agreed with Internal Audit but he recognised they needed to be more realistic. The Head of Corporate Services explained that the bulky waste service had not been reviewed for a number of years which was the reason for the recommendation. There had been recognition of the fact that there was a lack of capacity within the organisation around project management with only one Officer whose main focus had been garden waste; however, that system was now in place and 'business as usual' so that Officer would now be leading on a full review of the bulky waste service.

- 29.6 A Member drew attention to Page No. 109 of the report and asked for an explanation on the ICT PSN Submission and ICT Environmental Controls. The Head of Corporate Services explained that this was an annual exercise carried out by the IT team; it was noted that Tewkesbury Borough Council was usually compliant at the first time of asking whereas many other Councils were not. The recommendation related to reviewing two key policies but he stressed that this did not mean that the Council was not currently complying but was simply down to resources - he pointed out that a new IT Manager had been appointed during the year and the team had been required to carry out a lot of work such as installation of a new firewall. He clarified that, if actions did slip, the Committee had the right to call-in the responsible officer to gain assurance that they were feasible and it was noted that outstanding actions were also discussed at Management Team. The Senior Internal Auditor advised that recommendations were prioritised into low, medium and high priority and she suggested that Members focus on the medium and high priorities if they intended to call Officers in to a future meeting.
- 29.7 A Member commented that it seemed as if only one thing could be done at a time and he questioned whether there was a programme in place. The Head of Corporate Services explained that the Council had a new commercial strategy which focused on new income areas and improving services within the limited capacity available in the authority and a paper was being compiled with the intention of bringing in additional resources on project management and digital expertise to drive the process forward. He advised that the Garden Waste audit carried out three years earlier had been significant as it had revealed that bins were being collected which had not been paid for and had resulted in the introduction of the new stickering system – this was a significant project and it had taken 18 months to move to a new annual renewal date. He pointed out that bulky waste and trade waste both fitted with the commercial agenda and the latter was a priority in the Council Plan. In addition, there was more work to do on service improvement e.g. digital programme, streamlining services – this was done via Transform Working Group.
- 29.8 Having considered the information provided, it was
RESOLVED That the Internal Audit Monitoring Report be **NOTED**.

A&G.30 INTERNAL AUDIT SIX MONTH PLAN 2019/20

- 30.1 The report of the Head of Corporate Services, circulated at Pages No. 113-118, set out the proposed Internal Audit Plan for October 2019 to March 2020. Members were asked to approve the six month plan as set out at Appendix 1 to the report.
- 30.2 The Head of Corporate Services advised that a six month work plan had been introduced following a recommendation arising from the independent peer review; a six month plan was more flexible than a 12 month plan and allowed the Internal Audit team to progress the organisation. The plan for October 2019 to March 2020 provided a total of 172 productive days and would cover: governance related activity; corporate risk register; corporate improvement; financial systems; and, service area related activity. Days had been specifically allocated to risk management following a recommendation arising from an external assessment; the serious and organised crime framework which had been recommended by the Home Office; complaints which had been discussed at the Overview and Scrutiny Committee meeting the previous week; and, data quality. In terms of finance, as well as service related debt recovery, the Head of Finance and Asset Management had requested that an audit be carried out on commercial credit cards. It was noted that 20 days had been allocated for corporate improvement and 20 days for the corporate risk register. A number of days had also been set aside for ongoing work to implement the team's Quality Assurance and Improvement Programme which included the peer review of individual audit assignments and supporting documentation. Follow-up reviews were an important aspect of internal audit work and 15 days had been allocated for this purpose in the six month period. In addition, the Internal Audit team also provided consultancy and advice and sat on various corporate groups such as the Procurement Group, Keep Safe Stay Healthy Group and Programme Board with days allocated in the plan accordingly.
- 30.3 The Chair suggested it may be beneficial to hold a workshop for the Committee to discuss items that they might like to see included in the six month plan. The Head of Corporate Services advised that the Internal Audit team had run a workshop previously to demonstrate the work that went into an audit and it may be useful to repeat this for new Members. A Member suggested that this could be held prior to the next Committee meeting in December as he had some specific questions and it would be useful to have an opportunity to raise them outside of a meeting environment and to have some general discussions to share ideas. It was subsequently

RESOLVED

1. That the Internal Audit Six Month Plan 2019/20 be **NOTED**.
2. That a workshop be arranged to take place prior to the next meeting of the Audit and Governance Committee in December to gain a better understanding of audit processes and procedures and to allow Members to ask specific questions and share ideas as to what might be included in the internal audit plan in future.

The meeting closed at 3:28 pm