

# TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit and Governance Committee held at the Council  
Offices, Gloucester Road, Tewkesbury on Wednesday, 22 January 2020  
commencing at 2:00 pm**

## **Present:**

Chair	Councillor V D Smith
Vice Chair	Councillor H C McLain

## **and Councillors:**

C M Cody, P A Godwin, D W Gray, P D McLain, H S Munro and P E Smith

### **A&G.31 ANNOUNCEMENTS**

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

### **A&G.32 DECLARATIONS OF INTEREST**

32.1 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.

32.2 There were no declarations made on this occasion.

### **A&G.33 MINUTES**

33.1 The Minutes of the meeting held on 18 September 2019, copies of which had been circulated, were approved as a correct record and signed by the Chair.

### **A&G.34 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

34.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 10-16, which Members were asked to consider.

34.2 It was noted that a report on the findings of the Food Standards Agency audit would be brought to the next meeting of the Committee on 25 March 2020 and that a new Money Laundering Policy would be coming forward in July 2020 for the Audit and Governance Committee to consider and make a recommendation to the Executive Committee; both items had been included on the Work Programme.

34.3 It was

**RESOLVED** That the Audit and Governance Committee Work Programme be  
**NOTED.**

**A&G.35 COUNTER FRAUD UNIT UPDATE**

- 35.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 17-22, which provided assurance over the counter-fraud activities of the Council. Members were asked to consider the six monthly update from the Counter Fraud Unit.
- 35.2 The Counter Fraud Unit Manager advised that, during quarters two and three, the Counter Fraud Unit had been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme. The team had received nine referrals and had closed eight cases; this had resulted in civil and criminal penalties and three prosecutions. In addition, joint working with the Department for Work and Pensions on the investigation of cases involving housing benefit and council tax reduction had continued. Appendix 1 to the report provided an update on the corporate/strategic work plan which included completion of the work on the serious and organised crime checklist with training delivered to staff in November/December 2019 and publication of the fraud transparency data. It was noted that the report on the small supplier payment review would be available at the end of the quarter and work on enforcement was about to commence with Planning which would be included in the next report to the Committee.
- 35.3 It was  
**RESOLVED** That the Counter Fraud Unit six monthly update be **NOTED**.

**A&G.36 WHISTLEBLOWING POLICY**

- 36.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 23-37, which asked Members to recommend to the Executive Committee that the updated Whistleblowing Policy be approved.
- 36.2 The Counter Fraud Unit Manager advised that the Whistleblowing Policy had been refreshed to make it more applicable to Tewkesbury Borough Council and to ensure that guidance and links were up to date. It was noted that the Counter Fraud Unit had run awareness sessions for staff with almost 100 people attending to date and further mop-up sessions planned so there was assurance that staff were familiar with the policy and able to come forward if necessary. A Member queried how many staff had come forward within the last 12 months and was advised that these statistics would be held by HR but the Counter Fraud Unit had not received any directly, although the training had only been delivered recently and that could sometimes prompt people to come forward. The Head of Corporate Services did not believe that any whistleblowing allegations had been put to HR, or anyone else in the organisation; however, that may be due to a lack of understanding which was why the Counter Fraud Unit had revised the policy and promoted it to staff.
- 36.3 A Member queried the effectiveness of whistleblowing generally across other organisations which the Counter Fraud Unit dealt with and whether Tewkesbury Borough Council was doing enough to make it a natural reaction for people who had suspicions. In response, the Counter Fraud Unit Manager felt that it was increasingly effective and people were being actively encouraged to report incidents; other partner councils were getting positive results and staff felt confident about coming forward with information as a result of action being taken. It was noted that live examples from across the partnership were used in training to make it more relevant. The Chair felt that building confidence among staff to report incidents was key. The Counter Fraud Manager considered it beneficial that the Counter Fraud Unit was slightly removed from the Council as staff may find it easier to report incidents to her team as opposed to HR etc.

36.4 It was

**RESOLVED** That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that the updated Whistleblowing Policy be **APPROVED**.

### **A&G.37 EXTERNAL AUDITOR'S PROGRESS REPORT**

37.1 Attention was drawn to the external auditor's progress report, circulated at Pages No. 39-52, which set out the progress that had been made in relation to the audit plan, together with any emerging national issues and developments that might be relevant to Tewkesbury Borough Council. Members were asked to consider the report.

37.2 The Engagement Manager from Grant Thornton explained that there were two elements of the audit undertaken: financial statements audit and value for money. In terms of the financial statements audit, it was very early in the cycle with work underway behind the scenes and, in the coming weeks and months, Grant Thornton would be meeting with relevant Officers and carrying out interim testing of individual transactions which would be reported as part of the audit plan update at the next Committee meeting in March, along with an update on the value for money audit. Page No. 43 of the report contained a section on the certification of the housing benefit claim that had been undertaken at the end of last year. The original deadline was the end of November; however, the Council had sought a short extension and she confirmed that the claim had been completed and certified by 13 December 2019 which was the extension agreed by the Department for Work and Pensions. The main reason for the delay was because, as part of the initial tender for the work, Grant Thornton had agreed to do a lot of testing which had not been possible due to unforeseen circumstances meaning Grant Thornton had needed to find additional resources quite late on in the process. She explained that a large number of errors had been identified due to the prescribed method of testing which meant that, for each error, another additional 40 cases were tested. As such, it had been quite an achievement to meet the 13 December deadline. The Engagement Lead and previous Engagement Manager had met with Tewkesbury Borough Council Officers earlier in the month to put a plan in place for next year to resolve some of the issues that had been identified as part of this audit in order to mitigate errors.

37.3 The Engagement Manager went on to advise that the base level audit fee was set by Public Sector Audit Appointments (PSSA) Ltd. but, due to the changing scope of audit and the increasing pressure for external auditors to undertake more detailed work, there would be additional fees for 2019/20. At the moment it was unclear exactly what those would be but Grant Thornton would write to the Section 151 Officer to alert him to the additional fees. It was noted that some other authorities had seen a small increase on the 2018/19 fee but it was still less than the 2017/18 fee and therefore not significant. Page No. 44 of the report listed all of the audit deliverables, some of which had already been completed, and when they would be reported to Committee. The remainder of the report contained sector updates on what was happening in the world of audit for Members' information.

37.4 It was

**RESOLVED** That the external auditor's progress report be **NOTED**.

**A&G.38 INTERNAL AUDIT PLAN MONITORING REPORT**

- 38.1 The report of the Head of Corporate Services, circulated at Pages No. 53-77, 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.
- 38.2 The Head of Corporate Services advised that the full details of the audits undertaken were attached at Appendix 1 to the report. A list of audit recommendations that were due to be followed-up could be found at Appendix 2 to the report; of the 20 recommendations, 12 had been implemented, five partially implemented and three were yet to be implemented.
- 38.3 Members were advised that an audit of procurement cards had been requested by the Head of Finance and Asset Management to give assurance that the framework was working as it should be. During 2018/19, a total of £86,485 had been spent using procurement cards across all services within the Council; there were around 40 Officers with procurement cards which were used for low-level online purchases etc. so there was potential for abuse without careful monitoring. The audit had found a satisfactory level of control with all card expenditure published on the Council's website in accordance with the Local Government Transparency Code 2015. Each cardholder had verified receipt of their cards and signed a declaration to agree to adhere to the guidelines for use and audit testing had concluded that purchases made using procurement cards were genuine with costs incurred in the course of official Council business. All expenditure was made within the cardholder's authorised spending limit and all statements had been appropriately authorised with the exception of one which had been authorised by the cardholder. Procurement card statements were received on a monthly basis and adequate supporting documentation was provided in the majority of cases, although sometimes the appropriate invoice was not received which meant that VAT could not be reclaimed. The Finance Team had already taken steps to address this issue and corporate business accounts had been set-up with a number of suppliers to ensure that VAT could be reclaimed on all future purchases. The main recommendation arising from the audit was in relation to a reminder being sent to cardholders alerting them of their responsibility to retain invoices. A Member questioned whether there was a set limit on the cards and was advised that the average was around £1,000.
- 38.4 Members were advised that an additional £55m funding had been allocated to local authorities in England for the provision of Disabled Facilities Grants (DFGs) or social care projects, of which £141,363 was allocated to Tewkesbury Borough Council to be spent by the end of the current financial year. The grant required the Chief Audit Executive to confirm by December 2019 that monies had been spent in accordance with the conditions of the grant and an audit had subsequently been carried out to provide that assurance. The audit confirmed that money had been spent on the insulation of 15 park homes which met condition 2 of the additional grant funding criteria allowing monies to be allocated to a social care project. The expenditure had totalled £101,344 but verbal assurance had been given by the Environmental Health Manager that the remaining balance would be spent before the end of the financial year and a future follow-up audit would confirm that was the case. In terms of internal controls, the Council had an obligation to ensure that monies had been allocated to eligible residents and that works were completed to a satisfactory standard to properties within the borough. It was noted that the Severn Wye Energy Agency facilitated the park homes scheme and there was an expectation it would be monitored to ensure it met these conditions; whilst, such checks were not necessarily in place, information about how the money had been spent was passed on and there was an expectation that the service area would do

checks around customer satisfaction. As such, it was recommended that a formal process be established and documented in relation to the type of checks that should be carried out by the Council in relation to additional DFG funding. A Member recalled that not all of the DFG money had been spent during the previous year and the Head of Finance and Asset Management confirmed that the total funding allocation was in the region of £1.1m, of which around £400,000 had been spent - this was in line with the usual spend for the last 10-15 years and was the original level of the government grant. He explained that the government grant went to Gloucestershire County Council and the balance could be used for social service needs on capital projects so no money was lost. The Member understood that part of the reason for the underspend was the prescriptive nature of the grant criteria, for instance, the need for referral by an Occupational Therapist, and he questioned whether the core criteria could be changed for important projects. The Head of Finance and Asset Management confirmed that had been the case to an extent as the money could be spent on related capital expenditure across the county. He provided reassurance that the money was not going back to central government and was being spent locally at district or county level. A Member expressed the view that, if the criteria was less prescriptive, the money could be helping more disabled people in the borough and the Head of Finance and Asset Management undertook to discuss the criteria with the relevant Officers following the meeting.

- 38.5 The Head of Corporate Services advised that an audit of debtors had been completed as part of the 2019/20 Internal Audit Plan and looked at how well debt was managed within the Finance Team and how it was dealt with when passed to service areas. There were service-specific areas where improvements could be made, particularly in relation to the timely raising of invoices and appropriate documentation to support the integrity of the invoice, especially with regard to grounds maintenance where there were no supporting documents to verify the amount raised and a charging schedule had not been available at the time of the audit. There was also a need to ensure that outstanding debt was allocated to the right Officer when this was monitored within service areas. The main recommendation arising from the audit was that a corporate collection procedure should be developed to cover standardised recovery procedures for issuing chasing letters and the number of contacts attempted; a requirement for services to retain ample supporting evidence to confirm that the invoice information was adequate and the retention period for that information e.g. six years plus the current year or until the debt had been paid in full; and for responsibility and procedures of managers in relation to debt monitoring, including identification of debts incorrectly allocated and the procedure for handling those instances.
- 38.6 Attention was drawn to Pages No. 63 and 64 of the report which contained a plethora of information in relation to the General Data Protection Regulation (GDPR) audit which had been undertaken on behalf of the Data Protection Officer to give assurance on the arrangements in place. The Head of Corporate Services explained that the Council had come a long way since the introduction of GDPR but it was now time to take stock, review and develop a new action plan for implementation, for instance, data processing activities should be reviewed to ensure all activities were being captured – prior to GDPR, each service had undertaken a data audit and, whilst the range of activities covered was immense, some areas had not been captured at that time e.g. homelessness, animal boarding licences. A recommendation from the project management audit was that all key projects should be supported with a privacy impact statement and that would be in place for all new projects going forward. In terms of data sharing, there were currently seven data sharing agreements in place which needed to be reviewed to ensure there was full coverage of all sharing in the Council. The asset owners were originally the Operational Managers but there were other Officers who dealt with data management, such as the Community Infrastructure Levy Manager and Garden Towns Director, so this needed to be widened. There was a Single Point of

Contact for GDPR which had been helpful in ensuring the Council was broadly compliant; however, that post had been vacant for the past few months and responsibility for the role would now be undertaken by the Internal Audit Team by increasing the hours of one Officer to allow time to take forward recommendations. Members were informed that a limited audit opinion had been issued in respect of data retention; a lot of work had gone into producing a corporate retention schedule setting out the retention period for each activity and that needed to be challenged to ensure all services were adhering to it operationally and only keeping data for as long as necessary. The limited opinion was due to there being no reasonable assurance that arrangements were in place, especially in terms of main processing systems, such as Uniform, and shared data drives. This would form part of the work of the new Single Point of Contact. A Member queried how many complaints were received in relation to GDPR and pointed out that, personally, he had not received any. The Borough Solicitor explained that it was right and proper that the Council took care with personal data and the consequences of getting this wrong were significant. Whilst the current arrangements were satisfactory, there was always room for improvement and all Officers needed to take responsibility for ensuring data was not collected unnecessarily or retained for any longer than absolutely necessary. She did not have exact figures to hand but Members would be surprised by the amount of queries and searches from people wanting to know what personal data the Council held about them. The Head of Corporate Services pointed out that a data breach would have significant consequences for the authority, both reputationally and financially. A Member recognised the importance of the issue and noted that the implementation date was April 2021 so she queried whether this was due to the amount of work involved. The Head of Corporate Services confirmed there was a lot of work to do with individual services; work had already commenced and would continue until April 2021.

38.7 Members were reminded that days were allocated in the Internal Audit Plan for corporate improvement work and Page No. 65 detailed work that had been undertaken in relation to the procurement of a new digital platform and a planning files project. Appendix 2 to the report detailed the recommendations that had been followed-up using a RAG status (red, amber, green). In terms of the three actions yet to be implemented, Members were advised that the recommendation in relation to Community Infrastructure Levy governance across the three charging authorities was well-known and the target date had been changed to September 2020; the recommendation around financials e-ordering related to bank account details being redacted and deleted and a revised implementation date of February 2020 had been agreed; and, the recommendation around pre-employment checks, which had been identified through the Serious and Organised Crime Framework audit, had a new implementation date of March 2020 and the new HR Manager had been tasked with giving this priority - currently, pre-employment checks were standardised across all jobs. In response to a query regarding the CIL audit, confirmation was provided that it covered monitoring, the identification of triggers, raising of invoices and collection of monies. A Member questioned whether there were any implications of this being delayed and the Borough Solicitor explained that CIL was shared between the three charging authorities, it had to be an agreed spend in a particular area and must be used for particular projects. She clarified that CIL monies had started to be collected and this recommendation was about the identification of projects which would be recipients of CIL.

38.8 Having considered the information provided, it was

**RESOLVED** That the Internal Audit Monitoring Report be **NOTED**.

**A&G.39 CORPORATE RISK REGISTER**

- 39.1 The report of the Head of Corporate Services, circulated at Pages No. 78-99, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.
- 39.2 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. Days were allocated in the Internal Audit Plan to look at the risks in the register and test the controls to ensure they were effective and that action points were being addressed. The register was attached at Appendix 1 to the report with changes since the last Committee highlighted in bold. The key changes were also outlined at Page No. 80, Paragraph 3.1 of the report and particular reference was made to financial sustainability, which had been reviewed in its totality with the current risk score being increased to reflect the uncertainty around local government financing; emergency planning arrangements, which had been tested in the recent flood event; and safeguarding, which was included on the basis that an updated policy was due to be presented to the Overview and Scrutiny Committee in February 2020. It was proposed to remove the risks around treasury management and fraud and corruption which were consistently reported as low risk but a new risk was proposed around the £8m Ashchurch Bridge project.
- 39.3 It was  
**RESOLVED** That the risks and mitigating controls within the Corporate Risk Register be **NOTED**.

**A&G.40 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES 2018/19**

- 40.1 The report of the Borough Solicitor, circulated at Pages No. 100-105, set out the Significant Governance Issues and the action to be taken to address them as identified in the Council's Annual Governance Statement. Members were asked to consider the progress made against those issues.
- 40.2 Members were advised that the table set out at Appendix 1 to the report comprised the Significant Governance Issues and the proposed actions and timescale for completion, with a further column indicating the progress as at 30 November 2019. The Borough Solicitor explained that there had been movement on all actions and there was no reason they would not be completed within the prescribed timescales. It was  
**RESOLVED** That progress against the Significant Governance Issues identified in the Council's Annual Governance Statement be **NOTED**.

The meeting closed at 2:55 pm