

# TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit and Governance Committee held at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 21 July 2021 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, P D McLain and P E Smith

### **A&G.3 ANNOUNCEMENTS**

- 3.1 The evacuation procedure, as noted on the Agenda, was advised to those present.
- 3.2 The Chair indicated that, in accordance with Procedure Rule 1.2 of the Council's Constitution, he had used his discretion to vary the order of business so Item 12 – Annual Report on Health and Safety Activities 2019/20-2020/21 - and Item 13 – Corporate Risk Register - would be taken after Item 5 – Audit and Governance Committee Work Programme.

### **A&G.4 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

- 4.1 Apologies for absence had been received from Councillors D W Gray and H S Munro. There were no substitutions for the meeting.

### **A&G.5 DECLARATIONS OF INTEREST**

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

### **A&G.6 MINUTES**

- 6.1 The Minutes of the meetings held on 24 March and 4 May 2021, copies of which had been circulated, were approved as correct records and signed by the Chair.

### **A&G.7 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

- 7.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 7-4, which Members were asked to consider.
- 7.2 The Head of Corporate Services indicated that the Agenda for the meeting on 15 September 2021 was fairly significant and there would be training prior to that in respect of the Statement of Accounts which Members would be asked to approve at the meeting. In terms of the management assurance report on the internal control environment during COVID-19, he explained that this was being brought to the

Committee as the Internal Audit team had been redeployed since March 2020 so it was not possible to give independent assurance. A Member noted that the Internal Audit Plan Monitoring Report had been removed from the Agenda for the current meeting and questioned when it would be brought to the Committee. In response, the Head of Corporate Services confirmed it was included in the Work Programme for the meeting on 15 December 2021; if any internal audit work was completed over the next couple of months, a report would be brought to the September meeting but that was unlikely.

7.3 It was

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

## **A&G.8 ANNUAL REPORT ON HEALTH AND SAFETY ACTIVITIES 2019/20-2020/21**

8.1 The report of the Head of Community Services, circulated at Pages No. 102-118, provided a summary of the activities carried out to secure health and safety compliance in the financial years 2019/20 and 2020/21. Members were asked to consider the adequacy of the Council's health and safety arrangements.

8.2 The Head of Community Services explained that COVID-19 meant it had not been possible to present this report to the Committee during the previous year, therefore, the current report covered a two year period. Over the last 18 months, much of the normal health and safety work had been put on hold and the Keep Safe, Stay Healthy Group had ceased operating during the first year but was now operational once again. A significant number of risk assessments in relation to COVID-19 had taken place over the period which were detailed at Appendix 1 to the report and included emergency rest centres and polling stations for elections. Over the last six months, the world had begun to open up more and an increasing number of events were being held both on Council-owned and private land; whilst a light-touch approach had previously been taken to smaller events whereby Officers had discussed health and safety with the organiser, due to COVID-19 restrictions the Safety Advisory Group had been meeting on a weekly basis. COVID-19 was certainly not going away and a risk assessment of the Council Offices had been undertaken the previous week to ensure staff and Members were safe when returning to the building.

8.3 A Member noted the references within the report to mental wellbeing and ongoing concerns about the long-term impact of COVID-19 on staff. Staff had been seconded from their usual roles and he assumed many would have accrued leave so he was seeking reassurance that had been taken into account. The Head of Community Services confirmed that the team worked with HR on staff welfare and a range of mental health training had been provided over the last 18 months with staff being encouraged to take leave where possible. Staff briefings continued to take place on a monthly basis and there was a raft of information available for staff to access on the intranet. Feedback was received via regular staff surveys suggesting that staff were coping well – that had not necessarily been the case during the early part of the pandemic but it had been picked up and addressed quickly. Staff welfare was of paramount importance but he was confident the majority of feedback from staff had been positive. The Head of Corporate Services advised that a lot of work had been done around mental health pre-COVID-19 and the Council had been given a Workforce Wellbeing Charter accreditation where it had been evaluated as 'excellent' in five of eight workstreams, one of which was mental health. Whilst that had been a great foundation moving into the pandemic, there had certainly been more lessons learnt. For example, Internal Audit staff had been redeployed to the business grants cell and thrust into dealing with challenging cases and calls; that was a similar scenario for staff working in the community cell so resilience training had been put in place to help them deal with the difficult conversations they were

having. The Chair felt this was very positive and wished to thank the staff on behalf of the Committee for their hard work and effort during the pandemic; it was so important to look after staff as much as possible, even more so in the unprecedented circumstances brought about by the pandemic which continued to prevail.

- 8.4 A Member drew attention to the executive summary, set out at Page No. 102 of the report, which made reference to Tewkesbury Borough Council being committed to the health and safety of all employees, service users and contractors and questioned whether Members should also be included as they did not fit into any of those categories. The Head of Community Services acknowledged that Members should also be referenced as they had equal status in terms of health and safety. The Head of Corporate Services advised that it had been raised in another forum that Members felt they would benefit from training in relation to mental health so consideration would be given as to how to involve them going forward. The Member questioned whether staff had been surveyed about returning to the office and if they wanted to continue to work from home. In response, the Head of Community Services advised that many teams were already working from home to some extent prior to the pandemic; however, the pandemic had completely changed the situation and the Operational Managers Group had worked with their teams to establish how they wanted to go forward. The vast majority of staff preferred a combination of working from home and the office and, as long as they were able to deliver the service effectively, managers were being fairly flexible. It was noted that a new booking system for desks was in place and working well. The Head of Corporate Services agreed and pointed out the one excellent benefit arising from increased home working was the use of technology such as Microsoft Teams which had been rolled out to staff pre-COVID-19 but had not been well used; that had been the foundation for flexible working and would continue to be used going forward where possible.
- 8.5 With regard to the Workforce Wellbeing Charter, referenced at Page No. 117 of the report, a Member noted that the Council had achieved either “excellence” or “achievement” and questioned whether there were more levels and what could be done to bring them all up to “excellence”. The Head of Community Services confirmed there were other levels and he understood an action plan was in place to progress certain elements further; notwithstanding this, there were some areas where the Council would never achieve “excellence” due to the nature of the organisation. The Head of Corporate Services undertook to circulate the Charter following the meeting along with the levels and what was required to achieve each one; he confirmed that it had been considered that in all of the circumstances, it was appropriate to remain at the “achievement” level for some elements.

8.6 It was

**RESOLVED** That the annual report on health and safety activities 2019/20-2020/21 be **NOTED**.

## **A&G.9 CORPORATE RISK REGISTER**

- 9.1 The report of the Head of Corporate Services, circulated at Pages No. 119-140, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.
- 9.2 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 and it was brought to each meeting of the Audit and Governance Committee. The key updates arising since the register was last presented were set out in the table at Pages No. 121-122, Paragraph 3.1 of the report. It was noted that financial stability remained a key risk and was likely to continue to be for the

foreseeable future given the uncertainty moving forward. In terms of the General Data Protection Regulation (GDPR), good progress was being made on the new action plan including staff training, a comprehensive communications plan, and development of a draft mailbox usage policy and a report on the adequacy of the Council's GDPR arrangements would be brought to the Audit and Governance Committee in December 2021. The Head of Corporate Services explained that Reference 7. Waste Service, which related to the risk in respect of effectiveness of service delivery, was now fairly low risk and could potentially be removed; the Head of Community Services had a full team in place and contract monitoring had improved dramatically over the last few years. A new risk around carbon neutrality had been added to the corporate risk register by the Head of Finance and Asset Management to acknowledge the challenge of achieving the wider county ambition. The carbon reduction action plan had recently been presented to the Executive and Overview and Scrutiny Committees and had been well received in terms of the progress made to date. There was a lot more work to be done than had initially been realised so a recommendation for a new Carbon Reduction Programme Officer post had been accepted by the Executive Committee and would now go forward as a recommendation to Council. In terms of scanning the horizon for potential risks, the recent Department for Environment, Food and Rural Affairs (DEFRA) consultation on the consistency of waste collections had been highlighted. The consultation contained several proposals but the most concerning, which would potentially be effective from the 2023/24 financial year, was the requirement for local authorities to remove fees for garden waste collection – Tewkesbury Borough Council had collected £990,000 in garden waste this year so that would be a significant loss. There were also potential changes to the way recycle was collected with Tewkesbury Borough Council's current comingled collections not being the favoured option put forward by DEFRA; that would have massive implications in terms of new vehicles, new containers and reconfiguring rounds.

- 9.3 A Member indicated that responsibility for maintaining grass verges continued to be a huge problem due to the variety of different owners which included Tewkesbury Borough Council, Gloucestershire County Council, Parish and Town Councils as well as private owners – she was sure she was not the only Member who received numerous queries about this from members of the public. Grass cutting was only one example of an issue where expectations needed to be managed so she suggested that was something which could potentially be included in the corporate risk register. The Borough Solicitor explained that, whilst grass cutting in itself was not a matter for the Audit and Governance Committee, the Member was asking for a general resource risk which identified the limitation on the Council's functions and resource. She undertook to give this some thought outside of the meeting and consider whether it was a matter which should appropriately be addressed via the risk register or by other means. The Head of Corporate Services advised that the Property Team received a lot of reports about matters which were not Tewkesbury Borough Council's responsibility and the Digital Team was currently working on a project so that, when customers wanted to report a problem, it would be possible to hone into the relevant area on a map and, if it was not Tewkesbury Borough Council property or land, it would flag up the relevant body – this would ensure customers were directed to the right place.
- 9.4 A Member drew attention to Page No. 124 of the report which stated "Business rates is a volatile income stream as a result of successful appeals. In addition, a planned move to a 75% retention scheme has been delayed for a year and there is a lack of details around the new scheme. The General Election also comment being made about the future of business rates as a suitable tax for business" and she asked for clarification on this. In response, the Finance Manager explained that there was currently a 50% retention scheme for business rates but a 75% scheme was being discussed which would mean more money but it was a risk as this had been delayed and may not happen. The point the statement was trying to convey

was that, during the election period, the government had acknowledged this was not a suitable tax for businesses as it did not take account of online businesses.

9.5 A Member drew attention to Page No. 135 of the report, Risk Reference 12 in relation to Brexit, and asked for an update on the consequences of Brexit, for instance, the lorry driver shortage and the lack of agricultural workers from European countries resulting in food shortages in supermarkets. The Head of Community Services undertook to discuss the risks with the Local Resilience Forum and provide an update following the meeting. The Member also asked for more detail in relation to the risk around the Materials Recovery Facility (MRF) operator being unable to fulfil the contract, included as part of Risk Reference 7, and the Head of Community Services confirmed he would circulate this. With regard to Page No. 139 of the report, Risk Reference 16 and the risk around the climate change motion and the countywide carbon neutrality aims, a Member raised concern this all related to costs, there was nothing about the risks associated with not reducing carbon emissions. A brief debate and it was observed that carbon reduction had been identified as a risk and that was an economic one recognising the potential financial impact upon the Council to deliver the necessary reduction but there was nothing to suggest it was not actually going to reduce it.

9.6 With regard to the proposals in the DEFRA consultation, a Member felt it was worth pointing out that recycling tended to reduce with incineration and there was evidence that better quality recyclate was achieved when residents were asked to separate waste. This ultimately came down to education - residents were keen to recycle things they believed were recyclable when the reality was that, for a number of reasons, not all materials could be recycled even when they were technically capable of that. In order to help with this, she asked whether a presentation could be created to be used by schools and businesses. The Chair noted the request but clarified that it was not a matter for the Audit and Governance Committee. In response to a Member query, confirmation was provided that the DEFRA consultation had closed. The Member presumed that the changes proposed would have a huge impact to the Council, both financially and operationally, and the Head of Community Services indicated that the costs were difficult to quantify but would be significant in terms of capital and revenue. The government had talked about new burdens funding but that tended to disappear a few years after it was allocated. He felt the government had been short-sighted as it wanted items to be recycled but there was not necessarily a market for that, for example, plastic film. Whilst he agreed manufacturers should be required to take back materials for recycling, that would mean there was less good quality recyclate in the Council's waste streams which would subsequently reduce income to the authority. Separate collections would require additional vehicles and crews and the Swindon Road depot was currently at absolute capacity so an alternative site would need to be identified very swiftly; that work was already underway but it was a four to five year project. If the government went ahead with the proposals, the Council would have no option but to make the changes so it was important to be prepared for that. The earlier point made about the driver shortage was significant as there was a real possibility that some of the Council's waste services would have to be suspended within the next month to six weeks and a business continuity plan was being discussed with Ubico. The least impactful service to suspend would be garden waste but, unfortunately, that would mean a loss of income to the authority. The Chair indicated that Gloucestershire County Council was carrying out training for drivers so Tewkesbury Borough Council may be able to take advantage of that and the Head of Community Services advised that Ubico had been training drivers over the last 18 months but, due to the pandemic, there was a backlog at testing stations.

9.7 Having considered the information provided, it was

**RESOLVED** That the risks and mitigating controls within the corporate risk register be **NOTED**.

**A&G.10 INFORMING THE AUDIT RISK ASSESSMENT FOR TEWKESBURY BOROUGH COUNCIL 2020/21**

10.1 Attention was drawn to the external auditor's report on informing the audit risk assessment for Tewkesbury Borough Council in 2020/21. Members were asked to consider the report.

10.2 The representative from Grant Thornton advised that the purpose of the report was to contribute towards the effective two-way communication between the Council's external auditors and the Audit and Governance Committee as those charged with governance. As part of the risk assessment procedures, Grant Thornton was required to obtain an understanding of management processes and the Council's oversight of five key areas: general enquiries of management; fraud, laws and regulations; related parties; and accounting estimates. The report was based on a number of questions and the responses received from the Council and he was happy to answer any queries Members may have.

10.3 With regard to the section on related parties, set out at Pages No. 37-38 of the report, a Member raised concern that it was difficult for Members to know exactly what they should include on their Register of Interests forms and when making declarations of interest; the onus was on Members to determine what they should declare and she queried how the information was checked, for instance, did secret societies such as the Freemasons need to be declared. In response, the representative from Grant Thornton explained there was no such thing as a secret society as far as Members were concerned and they were obliged to disclose membership. In terms of checks in place, he was not sure if it was covered by the Council's Internal Audit programme. It was a trust-based system to an extent but auditors did undertake checks by exception, for instance, carrying out searches of company registers, and if any declarations had not been made that would be reported as a significant deficiency. The Finance Manager advised that, in addition to the Register of Interests form, a declaration of related parties' questionnaire was sent to Members annually and checks were carried out on payments to the Council's creditors to identify any conflicts of interest. The Council would also be aware if Tewkesbury Borough Councillors were Members of any other authorities, for instance Parish and Town Councils or Gloucestershire County Council. The Borough Solicitor clarified that membership of the Freemasons, or other secret societies, was a declarable interest in accordance with the Council's Code of Conduct on the grounds of being likely to influence, or set up to influence, public opinion.

10.4 It was

**RESOLVED** That the external auditor's report on informing the audit risk assessment for Tewkesbury Borough Council 2020/21 be **NOTED**.

**A&G.11 EXTERNAL AUDITOR'S AUDIT PLAN 2020/21**

11.1 Attention was drawn to the external auditor's audit plan for the year ending 31 March 2021, circulated at Pages No. 50-72. Members were asked to consider the information provided.

11.2 The representative from Grant Thornton advised that the audit plan gave an assessment of the significant risks which had been very much impacted by the COVID-19 pandemic as well as the increased expectations from the regulators. The audit was underway and was based on three significant areas of risk: valuation of land and buildings; valuation of net pension fund liability; and management override of controls. In respect of the latter, it was noted this could not be rebutted - an assumption was made that management sought to circumvent

those controls. A key element of the regulator's review was the level of challenge the external auditors placed on management; everything in the accounts needed to be challenged in terms of whether it was in the right place. It was particularly important when there were significant judgements to the estimates, for instance, valuations of land and buildings and the new pension fund liability, as those liabilities would not crystallise until the future and very small changes had a material impact on the Council's accounts. Grant Thornton determined financial statement materiality based on a proportion of the Council's gross expenditure for the financial year and, at the planning stage, materiality was £742,000 which equated to 2% of the forecast gross expenditure for the year. This could not be set any higher as, in Grant Thornton's view, the Council was already a very well run authority; it could be set lower but that would reduce the issues that would be reported. The revised approach to the value for money work had come into effect from audit year 2020/21 and the three main changes arising from the approach were: a new set of criteria covering financial sustainability, governance and improvements in economy, efficiency and effectiveness; more extensive reporting with a requirement for Grant Thornton to produce a commentary on arrangements across all of the key criteria rather than the previous reporting by exception approach; and the replacement of the binary approach to value for money conclusions with more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. It was noted that the audit findings report would be presented at the next Audit and Governance Committee meeting.

- 11.3 Members were advised that the public were entitled to ask questions of the external auditors and could request a number of actions if they believed they were appropriate, one of which was a public interest report; these had previously been very rare, with the last one over 12 years ago, but over the last 18 months a whole slew had been received. One other area of change was around the going concern and a practice note had been updated to allow auditors to apply a continued provision of service approach to audit going concerns, where appropriate. A number of local authorities had been issued with Section 114 notices or were at risk of being issued with one when they had run out of money or were in a negative financial position. Tewkesbury Borough Council was a long way off that position but there were lessons to be learnt so he urged Members to look at public interest reports when they were issued – it often came down to the culture and behaviours of Members as well as management.
- 11.4 With regard to the audit fee, the proposed fee for 2020/21 was £55,589; the fee had increased over the last two years with quite a large increase on the scale fee. The scale fee had been set based on a risk assessment of the Council undertaken over a decade ago and the external auditors had been lobbying Public Sector Audit Appointments (PSAA) to update this to reflect the new requirements now in place. Page No. 67 of the report gave a detailed analysis of how the scale fee was arrived at and PSAA had agreed it needed to change due to the new expectations in terms of the value for money work and further revisions. Officers always gave good pushback and challenge on the fee and the external auditors made representations to PSAA which was ultimately responsible for confirming the fee. PSAA was going out to consultation on the next contract round; the current contract had been due to run for five years with an option to extend for two years but it would not be extended.
- 11.5 With regard to the pension liability, a Member indicated that quite a lot of pensions were invested in fossil fuel industries and, whilst she appreciated Tewkesbury Borough Council used the Gloucestershire County Council pension fund, she asked whether that was considered. The Finance Manager advised that Gloucestershire County Council produced its own accounts and she undertook to locate and circulate the accounts from last year so Members could see what it had invested in. A Member indicated that she understood the reasons for the changes

to the audit fee but noted that it had reduced a few years ago and was now increasing so she asked whether it was likely to change again, or whether it would remain at roughly the same level going forward. The representative from Grant Thornton suspected that the direction of travel had now been set so it was more likely the fee would increase as opposed to being reduced. Another Member questioned how long term the external auditor's assessments were or whether they were more of a snapshot in time. In response, the representative from Grant Thornton advised that the view was based on the accounts provided as at 31 March 2021 in this instance. They did, to some extent, have regard to events happening after that date which would impact on those accounts. Notwithstanding this, by the time the accounts were signed-off, a lot of the assets, particularly the pension fund, had increased again. The COVID-19 pandemic had a positive impact on liabilities as this year assets had increased and liability had increased at a faster rate so assumptions had been made that savings etc. would increase; this was all set out in the detailed accounts. Ultimately, the audit was always based on a position in time unless something so significant was to happen that it would impact that value; the normal course of events would not change that value.

11.6 Having considered the information provided, it was

**RESOLVED** That the external auditor's audit plan 2020/21 be **NOTED**.

#### **A&G.12 FEE SCALE FOR THE AUDIT 2021/22**

12.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 73-75, which set out the fee scale for the 2021/22 audit of accounts. Members were asked to consider the fee scale of £37,589 for the 2021/22 audit.

12.2 The Finance Manager advised that, since the Audit Commission had been disbanded, Public Sector Audit Appointments (PSAA) had appointed external auditors on behalf of Tewkesbury Borough Council. PSAA was required to set the scale fees for audits by the start of the financial year and the fee scale set for 2021/22 was £37,589. This was a £3,000 increase against the fee set for 2019/20 which reflected the additional work in relation to the pension valuation and the property plant and equipment valuation in the accounts. This was the base fee the Council would pay as other factors may come into play, for instance, changes to the audit standards, the value for money work was now more onerous and if there were errors in the accounts then additional work may be required.

12.3 It was

**RESOLVED** That the fee scale of £37,589 for the 2021/22 audit be **NOTED**.

#### **A&G.13 COUNTER FRAUD UNIT REPORT**

13.1 Attention was drawn to the report of the Counter Fraud Unit Manager, circulated at Pages No. 76-82, which provided assurance over the counter fraud activities of the Council. Members were asked to consider the annual update from the Counter Fraud Unit.

13.2 The Counter Fraud Manager advised that this was a biannual report which summarised the work the Counter Fraud Unit had been undertaking on behalf of Tewkesbury Borough Council and included an update on surveillance activity, set out at Page No. 79, Paragraph 3.0 of the report, which was required to be reported annually. The Counter Fraud Unit had been working closely with all partner councils on business grants. This had been a considerable amount of work as it was an enormous project and a lot of the robust post-payment assurance work was being carried out now. All local authorities participated in the National Fraud Initiative data matching exercise to prevent and detect fraud which was usually carried out in

relation to a number of areas, but significantly Council Tax and the Council Tax Reduction Scheme; however, this had also been carried out for business grants. The first matches related to the initial round of payments made in summer 2020 and it was assumed this would continue for all of the grant schemes that had been offered since. This meant that the Counter Fraud Unit would be working on business grants for some time; however, it was very important for assurance purposes to check that the money had been paid to the right people. Animal welfare concerns and the increased number of unlicensed breeders had been a particular problem during the pandemic and the Counter Fraud Unit had been working closely with the RSPCA on better working relationships with the district councils, for instance, new data sharing arrangements. The Counter Fraud Unit had also completed a review of the housing list which would now be carried out every 18 months rather than annually. Normal work had continued in terms of the Council Tax Reduction Scheme and interviews under caution were taking place in person once again with additional protective measures in place after reverting to written statements under caution during the early stages of the pandemic.

- 13.3 A Member drew attention to Page No. 78, Paragraph 2.4 of the report, and asked for more detail about the type of cases involving serious offences against animals. The Counter Fraud Unit Manager explained that regular referrals were being made in respect of puppy farms, mainly within the Forest of Dean District but that was widening, so the Counter Fraud Unit was working with the RSPCA and the Licensing teams on this. It was subsequently

**RESOLVED** That the annual update on the work of the Counter Fraud Unit be **NOTED**.

#### **A&G.14 PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY**

- 14.1 The report of the Counter Fraud Unit Manager, circulated at Pages No. 83-93, attached an updated Proceeds of Crime and Anti-Money Laundering Policy. Members were asked to recommend to the Executive Committee that the Proceeds of Crime and Anti-Money Laundering Policy be approved and that authority be delegated to the Head of Finance and Asset Management, in consultation with the Counter Fraud Unit Manager, One Legal and the Lead Member for Corporate Governance, to approve further minor amendments to the policy.
- 14.2 Members were advised that the policy had been refreshed to ensure that staff and Members were carrying out due diligence and reporting suspicious activity in the right way. The nominated Money Laundering Reporting Officer was the Section 151 Officer which, in Tewkesbury Borough Council, was the Head of Finance and Asset Management. The policy was supported by a working document available to staff which outlined how and when to report suspicious activity, when to refuse cash payments and the requirements relating to customer due diligence.
- 14.3 It was

**RESOLVED** That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that:

1. The Proceeds of Crime and Anti-Money Laundering Policy, as attached as Appendix 1, be **APPROVED**.
2. Authority be delegated to the Head of Finance and Asset Management, in consultation with the Counter Fraud Manager, One Legal and the Lead Member for Corporate Governance, to approve further minor amendments to the policy.

## **A&G.15 USE OF THE INTERNET AND SOCIAL MEDIA IN INVESTIGATIONS AND ENFORCEMENT POLICY**

- 15.1 The report of the Counter Fraud Unit Manager, circulated at Pages No. 94-101, attached an updated Use of the Internet and Social Media in Investigations and Enforcement Policy. Members were asked to recommend to the Executive Committee that the policy be approved and that authority be delegated to the Borough Solicitor, in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance, to approve further minor amendments to the policy.
- 15.2 The Counter Fraud Unit Manager advised that the Investigatory Powers Commissioner's Office (IPCO) recommended that, where intelligence gathering was undertaken – particularly through use of the internet and social media – evidence should demonstrate that this was being carried out in a careful and considerate way so as not to stray into covert surveillance. As such, existing arrangements had been reviewed and the policy for ensuring compliance had been revised and was attached at Appendix 1 to the report. The policy was supported by a procedural document which was available for staff involved in investigation work who were authorised to undertake research and investigation using open source internet applications or other civil or criminal enforcement and recovery work.

15.3 It was

### **RESOLVED**

That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that:

1. The Use of the Internet and Social Media in Investigations and Enforcement Policy, as attached at Appendix 1 to the report, be **APPROVED**.
2. Authority be delegated to the Borough Solicitor, in consultation with the Counter Fraud Manager and the Lead Member for Corporate Governance, to approve future minor amendments to the policy.

## **A&G.16 INTERNAL AUDIT ANNUAL REPORT 2020/21**

- 16.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 141-147, which provided Members with a summary of the internal audit work undertaken in 2020/21. Members were asked to consider the limitation of scope regarding independent assurance from internal audit on the adequacy of the Council's governance, risk management and control environment for 2020/21 and the proposed recovery of the internal audit function during 2021/22.
- 16.2 The Head of Corporate Services explained that, as Members were aware, the Internal Audit team had been redeployed to the business cell to support the administration and payment of business grants with effect from April 2020. Page No. 143, Paragraphs 2.1-2.3 of the report, set out the impact of COVID-19 on the ambitions of internal audit. Nevertheless, internal audit should still demonstrate compliance with Public Sector Internal Audit Standards (PSIAS) and, as there had been no internal audit activity, this was not possible. Page No. 144, Paragraph 3.0 of the report, outlined why the Internal Audit team had been identified for redeployment to the business cell and the nature of the role they had undertaken. Members were advised that, due to the significant risk of the grant schemes being abused and fraudulent claims made, a robust internal process was required to ensure the public purse was being protected and internal audit was best placed to design, deliver and monitor that process. It was noted that over £30m grants had been paid out with over 6,000 individual payments made. Taking calls with the

business community had been rewarding but also challenging for the staff who had to learn to adapt. Consideration had been given to removing the Internal Audit team from the business cell but there had been concern this would negatively impact the businesses that were benefiting from the scheme; therefore, a decision had been made to retain the team for the full financial year. One Member of the team remained in the business cell.

16.3 As there had been no internal audit work, it was not possible to provide the Committee with any independent assurance as to whether the Council's governance and risk management controls were effective. Page No. 145, Paragraph 4.4 of the report, set out the consequences of the redeployment of the team and Members were advised that the Council would need to highlight the limitation of scope in its Annual Governance Statement which would be taken to the Committee in September. In addition, there was a reputational impact on the Council and the authority did not comply with PSIAS as things currently stood. Notwithstanding this, the Head of Corporate Services felt that the support which had been given to the business cell and the business community outweighed the fact there had been no internal audit function during the year. Pages No. 145-146, Paragraph 5.0 of the report, gave a high level overview of the plan for internal audit recovery which was reflected in the Council's Corporate Recovery Plan; the actions within the recovery plan related to the production of a new six month audit plan and review of the whole suite of internal audit recommendations to determine whether they remained relevant and if the timescales were feasible. It was noted that, the Corporate Leadership Team had committed £35,000 from new burdens funding to support the team's recovery and it was intended to bring in additional resource from September until the end of the financial year. Furthermore, as part of the budget setting process for the current financial year, an allocation of £10,000 was approved for undertaking ICT audit work and that resource would be brought in after the summer.

16.4 The Chair understood the position in terms of internal audit and accepted the priority during the pandemic had been supporting the business community. He asked that thanks be passed on to the internal audit team on behalf of the Committee to show Members' appreciation for the work they had done and continued to do. It was

**RESOLVED** That the limitation of scope regarding independent assurance from internal audit on the adequacy of the Council's governance, risk management and control environment for 2020/21, and the proposed recovery of the internal audit function during 2021/22, be **NOTED**.

## **A&G.17 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2020/21**

17.1 Attention was drawn to the report of the Head of Corporate Services, circulated separately, which attached, at Appendix 1, the Audit Committee Annual Report for approval.

17.2 The Head of Corporate Services explained that the Council's Constitution required the Audit and Governance Committee to produce an annual report. The report for 2020/21, attached at Appendix 1 of the papers, included reference to the redeployment of the Internal Audit team to support the business cell; financial reporting; Annual Governance Statement; an overview of the work of the Gloucestershire Counter Fraud Unit and the external auditors; safeguarding arrangements, the outcomes of a Food Standards Agency audit; and the serious and organised crime framework. The report would be presented to Council by the Chair of the Audit and Governance Committee following approval.

17.3

It was

**RESOLVED**

That the Audit and Governance Committee Annual Report  
2020/21 be **APPROVED**.

The meeting closed at 3:30 pm