

TEWKESBURY BOROUGH COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 27 September 2023 commencing at 2:00 pm

Present:

Vice Chair in the Chair

Councillor S R Dove

and Councillors:

H J Bowman, E J MacTiernan, P D McLain, J P Mills, P E Smith and R J G Smith

A&G.17 ANNOUNCEMENTS

17.1 In the absence of the Chair, the Vice-Chair took the Chair and the evacuation procedure, as noted on the Agenda, was advised to those present.

A&G.18 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

18.1 Apologies for absence were received from Councillors D W Gray and M R Stewart (Chair). There were no substitutes for the meeting.

A&G.19 DECLARATIONS OF INTEREST

19.1 The Committee's attention was drawn to the Tewkesbury Borough Code of Conduct which was adopted by the Council on 24 January 2023 and took effect on 1 February 2023.

19.2 No declarations were made on this occasion.

A&G.20 MINUTES

20.1 The Minutes of the meeting held on 19 July 2023, copies of which had been circulated, were approved as a correct record and signed by the Chair.

A&G.21 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

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

21.2 It was noted that, aside from a typographical error at Page No. 16 of the report where the Committee date should read September 2024 rather than 27 September 2023, the Work Programme remained unchanged from the last meeting and, accordingly, it was

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

A&G.22 EXTERNAL AUDITOR'S FINDINGS

- 22.1 Attention was drawn to the external auditor's audit findings for 2022/23, attached at Pages No. 17-50. Members were asked to consider the report.
- 22.2 The representative from Grant Thornton advised that the report summarised the findings from the audit of the Council's financial statements and provided an update in relation to the work on the value for money assessment which Grant Thornton undertook for the Council. In terms of the accounts, at the time the report had been issued, it had been identified that ongoing work was required to close off the audit; however, further progress had been made since that time and all aspects had now been completed; some of the financial instruments were still being closed off but this was not something which would usually come to Members in relation to approval of the accounts. Subject to the final approval of the accounts by the Committee, Grant Thornton would be in a position to issue its audit opinion in line with the statutory deadline of 30 September - this should be put on record as a significant achievement given that only 12% of local government bodies had received audit opinions in time to publish their annual accounts by the extended deadline in 2022. Although a small number of amendments had been identified, as set out in the appendices to the report, it was intended to issue an unqualified audit opinion which was a good clean bill of health for the authority.
- 22.3 A Member raised concern that a number of local authorities, such as Slough Borough Council, were issuing Section 114 Notices and she asked whether the Councillors and Grant Thornton, as external auditor, had been aware of the issues at that authority and for how long. In response, the representative from Grant Thornton advised that it was Grant Thornton's first year of auditing that authority and specific issues had been identified so it was proposed to issue a qualified opinion on the set out accounts due to poor working papers, auditing practices and records. The importance of getting the basics right should not be underestimated – if solid records could not be produced, it would be difficult for an authority to manage itself in a sensible way – and the Section 114 Notice was the final output from serious significant governance findings which Grant Thornton had identified through the course of its work for that authority. It was effectively the responsibility of local audit to review the controls and call out poor practices. The Member felt this reinforced how lucky Tewkesbury Borough Council was in terms of its Officers who were very good at their jobs. Another Member asked whether the previous auditors at that authority had identified issues and the representative from Grant Thornton indicated that the reports had suggested that issues had been flagged, albeit not to the extent uncovered by Grant Thornton. A number of statutory and financial officers had been brought in to oversee the authority and the change in term of a new team and new external auditors had shone a light on a lot of things.
- 22.4 A Member noted that Page No. 44 of the report stated that, with regard to the 2021/22 audit findings report, errors had been identified during the audit process requiring significant adjustments to accounts disclosures which were the result of double-counting of balances and unclear documentary trails within the Council's working papers. She noted that this recommendation had been closed and she asked why it had not come up in previous years. The representative from Grant Thornton clarified this was a specific issue for the year 2021/22 which had been thoroughly followed-up this year and there was no recurrence of what had happened in the previous year.
- 22.5 It was
- RESOLVED** That the external auditor's audit findings be **NOTED**.

A&G.23 LETTER OF REPRESENTATION 2022/23

- 23.1 Attention was drawn to the report of the Executive Director: Resources, circulated at Pages No. 51-56 which attached, at Appendix A, the Letter of Representation 2022/23 which Members were asked to approve.
- 23.2 The Executive Director: Resources advised that, each year, on completion of the audit of the Council's financial statements, the Chief Finance Officer was required to submit a Letter of Representation to the Council's external auditor. The letter formally confirmed the accuracy and completeness of the accounts and set out assurances to Grant Thornton regarding those accounts. The draft Letter of Representation for 2022/23 was attached at Appendix A to the report and the Committee was asked to consider and approve the letter for signature by the Chief Finance Officer on behalf of the Council.
- 23.3 It was proposed, seconded and
- RESOLVED** That the Letter of Representation 2022/23 be **APPROVED**.

A&G.24 STATEMENT OF ACCOUNTS 2022/23

- 24.1 The report of the Associate Director: Finance, circulated at Pages No. 57-153, provided the Statement of Accounts for 2022/23 which showed the financial position of the Council as at 31 March 2023. Members were asked to approve the Statement of Accounts and to delegate authority to the Executive Director: Resources, in consultation with the Chair of the Audit and Governance Committee, to make any necessary amendments upon receipt of advice from the external auditor on any outstanding issues.
- 24.2 The Chair indicated that a training session on the Statement of Accounts had taken place prior to the meeting for all Members of the Committee which had given an opportunity to discuss and understand what was a complicated and significant document and it appeared that everything seemed to be in order. A Member indicated that she had found pensions particularly difficult to understand and suggested that a separate training session could be held for those who wanted to delve further into that area. The Chair felt it may be beneficial to offer "masterclasses" throughout the year in order to build knowledge ahead of approval of the annual accounts and the Associate Director: Finance undertook to give consideration to this outside of the meeting.
- 24.3 In response to a query regarding the difference between register of interests and related parties declarations, the Associate Director: Finance indicated that Members were required to complete a related parties declaration form each year for the annual accounts as a one-off document whereas register of interest forms were live documents which needed to be kept up to date.
- 24.4 It was proposed, seconded and
- RESOLVED** That the 2022/23 Statement of Accounts be **APPROVED** and that authority be delegated to the Executive Director: Resources, in consultation with the Chair of the Audit and Governance Committee, to make any necessary amendments upon receipt of advice from the external auditor on any outstanding issues.

A&G.25 ANNUAL GOVERNANCE STATEMENT 2022/23

- 25.1 The report of the Director: Corporate Resources, circulated at Pages No. 154-170, attached, at Appendix 1, the Council's Annual Governance Statement 2022/23 which Members were asked to approve.
- 25.2 The Director: Corporate Services explained that the Annual Governance Statement was a statutory document for consideration alongside the Statement of Accounts. It was a pragmatic document which reflected the size of the authority and was needed to satisfy the external auditors. The Annual Governance Statement was put together by senior officers and identified eight Significant Governance Issues, set out at Page No. 167 of the report, which would be monitored by the Committee going forward. It was noted that seven of the Significant Governance Issues had been carried forward from the previous year with an additional around the governance arrangements for the Tewkesbury Garden Town programme.
- 25.3 The Chair expressed the view that the layout of the document was confusing as text was in columns rather than left to right across the whole page; he felt this may be difficult for members of the public to read although accepted there could be a reason for this style choice e.g. due to it being web-based or for accessibility reasons. In terms of the Significant Governance Issues identified at Page No. 167 of the report, he noted that some of these were covered in the Audit and Governance Committee Work Programme but others, such as the Licensing Service Review, were not and he sought assurance they would be picked up. In response, the Director: Corporate Resources indicated that he would be happy to relook at the style of the document for next year to see what improvements could be made. In terms of the Significant Governance Issues, he explained that some, such as compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Code, would be built into the Audit and Governance Committee Work Programme whereas others had a different monitoring framework, for instance, the revised Equality and Diversity Policy, would go to the Executive Committee for approval; however, all of the Significant Governance Issues would be overseen by some element of the Council. He advised that an additional column would be added to the table at Page No. 167 going forward to show the progress which had been made. The Chair asked for the responsible body e.g. Committee or Working Group etc. to be added to the responsible officer column within the document going forward.
- 25.4 It was proposed, seconded and
- RESOLVED** That the Annual Governance Statement 2022/23 be **APPROVED**, subject to the inclusion of the responsible body, e.g. Committee or Working Group etc. in the responsible officer column in respect of the Significant Governance Issues set out at Page No. 167 of the report.

A&G.26 CORPORATE RISK REGISTER

- 26.1 The report of the Head of Service: Audit and Governance, circulated at Pages No. 171-189, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.
- 26.2 The Director: Corporate Resources advised that the corporate risk register was brought to every Audit and Governance Committee meeting and was a tool to demonstrate the corporate risks being considered and managed. It did not contain every risk faced by the authority but the key ones which the Committee needed to be assured were being managed and the main updates since the last meeting were set out at Page No. 173, Paragraph 3.0 of the report. It was noted that Ref. 2 Protection of the ICT Network was the biggest risk the Council faced and work

would be ongoing in relation to that; since the last meeting, a new vulnerability management system was now fully operational and phishing exercises had taken place which had highlighted further training needs. In terms of Ref. 4 GDPR (General Data Protection Regulation) Compliance, this was also a significant risk to the Council and it was positive that a new Information Governance Officer had recently commenced employment with the authority and would be proactively taking forward the GDPR action plan. Ref. 7 Garden Town needed to be reviewed following the Council decision the previous night and with regard to Ref. 9 Climate Change it was noted that work had commenced on the replacement of the heating system at the Public Services Centre and the Executive Committee had recently approved a new Climate Change Officer role to provide additional resource to take forward the Council's ambition. Ref. 13 Development Management Review was now being overseen by the Associate Director: Planning who had recently taken up his post and a bid had been submitted for government funding to assist with the backlog of planning applications in the department. As referenced at Page No. 173, Paragraph 3.1 of the report, the Corporate Governance Group had recently discussed whether any emerging risks should be included in the register and it was felt that planning appeals should be added – the Overview and Scrutiny Committee had raised concern with the amount of money that had been spent on planning appeals over and above what had been budgeted and the increasing number of appeals being lost, as such, it would be included as a risk when the corporate risk register was next considered by the Committee.

- 26.3 With regard to Ref. 5 Use of Swindon Road Depot, a Member noted that a report was due to be considered by the Executive Committee in November around a project plan for a new joint depot and she asked which body would be responsible for overseeing delivery of that plan. In response, the Executive Director: Resources advised that was still to be determined – either, or both, the Depot Services Working Group and Transform Working Group may be most appropriate but he would also expect formal reporting to Executive Committee as a long term project. This would be set out in the report to the Executive Committee in November. The Member asked how long the new lease was for and the Executive Director: Resources indicated it had recently been renewed so he would need to check and update Members outside of the meeting. With regard to the risks around the ICT network, a Member sought clarification as to who the Associate Director: ICT and Cyber was and was informed the post was currently vacant and options were being considered to ensure an appointment was made as soon as possible.
- 26.4 In terms of Ref. 6 Assets, a Member sought clarification as to how much was within the asset budget for commercial properties and how much had been used for the office refurbishment project. In response, the Executive Director: Resources advised there was a separate reserve for commercial properties of £225,000 per year and there was currently over £1m in that reserve. The asset management reserve was around £400,000 and was contributing to general office refurbishment work. He was confident that any issues with the commercial property portfolio could be dealt with within the available reserves.
- 26.5 In response to a query as to how Members could contribute to the corporate risk register, the Director: Corporate Resources advised that the corporate risk register would be brought to every Audit and Governance Committee meeting to give assurance it was accurate and reflective of what was known about the environment. He undertook to circulate the Risk Management Strategy following the meeting which would demonstrate how risks were scored; the Corporate Governance Group, which included the Executive Director: Resources, Director: Corporate Governance and the Associate Director: Finance, quality assured the scoring and the corporate risk register was taken to the Chief Officers Group on a regular basis. In addition, there were a number of days allocated in the Internal Audit Plan to give assurance that controls were in place and working effectively

and that action points were delivered. A Member asked what data was looked at when considering the action points - she noted that Ref. 1 had a current risk score of 25 and a target of 9 and questioned the period over which that was intended to be achieved. The Director: Corporate Resources felt this was a very good point which had not been raised before and he indicated that delivery dates needed to be added to the register in order to hold the risk owner to account. In terms of Ref. 1 which related to volatility of funding streams, the Executive Director: Resources pointed out that those risks were out of the Council's control – it had first been included in the corporate risk register three or four years ago and it had been hoped it would be resolved in a shorter timeframe. All risks were different and would have different timescales associated with them. He provided assurance that Officers would do everything in their control to balance the budget but, given what the deficit could be, it could not be resolved by the Council alone without change of government policy. Members expressed the view it would be beneficial to know the previous risk score, or the direction of travel, and it was agreed this could be incorporated. In response to a query, the Director: Corporate Resources clarified that the risks were currently in no particular order. A Member asked if some were more important than others and was advised that some had a more strategic element, for example, risks around Section 114 Notices or cyber, and that was something which could potentially be drawn out in consideration of the format of the corporate risk register.

26.6. It was

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

A&G.27 INTERNAL AUDIT PLAN MONITORING REPORT

27.1 The report of the Chief Audit Executive (Director: Corporate Resources), circulated at Pages No. 190-207, provided an overview of the internal audit work completed during the period. Members were asked to consider the work undertaken and the assurance given on the adequacy of the internal controls operating in the systems audited.

27.2 The Head of Service: Audit and Governance advised that, since the last report to Committee, audits had been carried out in relation to the garden waste service, focusing on the renewal process; Disabled Facilities Grants (DFGs); and the High Street Heritage Action Zone, with particular focus on the shop front funding element of the grant scheme. In terms of corporate improvement work, an audit had been undertaken in relation to the UK Shared Prosperity Fund 2024/25. There was at least a reasonable level of control in all cases and no significant areas of concern; a handful of recommendations had been made to further improve systems. Appendix 2 to the report detailed the outstanding audit recommendations which had been followed-up two of which had been partially implemented and one had been mitigated. Feasible timescales had been agreed with management for implementation of the remainder of these recommendations and, where these dates were not met, they would be brought back to the Committee where there would be an opportunity for Members to call in the relevant Officers.

27.3 In response to a query regarding the role of internal audit, the Head of Service: Audit and Governance explained that it was a function within the Council and its work and audit plan was determined by the risks facing the authority. As demonstrated by the papers, this extended beyond financial activities. Whilst it was a function of the Council, internal audit maintained its independence and its purpose was to add value and give objective assurance that the Council was

operating effectively. In addition to the assurance role, there was a consulting and advisory element and there was an opportunity to utilise the skills of the Internal Audit team across the authority.

- 27.4 With regard to the audit of DFGs, a Member indicated that he was concerned with the limited take-up, which had been the case for a number of years, and he asked whether it could be better promoted and if there was any merit in engaging the Overview and Scrutiny Committee to identify eligible candidates. The Head of Service: Environmental Health explained it was not a service which the Council actively administered and it was necessary to be assessed by an Occupational Therapist from Gloucestershire County Council in order to apply for a grant, therefore, there was an assumption that those residents who needed to know about the scheme were aware of it. He advised that more work was starting to be done in terms of community DFGs, for example, adaptations to village halls etc. which was being co-ordinated by the Gloucestershire DFG Forum. With regard to the High Street Heritage Action Zone, a Member noted that £87,447.41 grants had been paid under the scheme with £42,487.50 paid on shop fronts and facades which she understood was the original focus. The Director: Corporate Resources explained that was the case at the time of the audit; however, it was now around double the amount originally allocated and work was well underway in terms of implementation. A Member understood the funding was intended to have a public realm focus and the Director: Corporate Resources advised that the original plan was to spend a significant proportion of the money on public realm enhancements. A Member pointed out there was an exhibition at the Town Hall the following day which would provide more information.

- 27.5 It was

RESOLVED That the internal audit monitoring report be **NOTED**.

A&G.28 INTERNAL AUDIT SIX MONTH PLAN 2023/24

- 28.1 Attention was drawn to the report of the Chief Audit Executive (Director: Corporate Resources), circulated at Pages No. 208-214, which set out the Internal Audit Six Month Plan 2023/24 (October 2023 – March 2024). Members were asked to approve the six month plan as detailed at Appendix 1 to the report.
- 28.2 The Director: Corporate Resources explained that it was a requirement of the Public Sector Internal Audit Standards (PSIAS) to develop a risk-based plan. The setting of a six month plan enabled a flexible approach to be taken to audit planning recognising the changing environment in which the Council operated. The proposed plan for October 2023 to March 2024 was set out at Appendix 1 to the report and included work on the corporate risk register to ensure that risks were being managed effectively; corporate governance frameworks; the new heating system; the High Street Heritage Action Zone; Council Tax Reduction Scheme; and the Growth Hub. As set out at Page No. 214 of the report, there would also be audits of Building Control, which was a shared service with Cheltenham Borough Council, and recycling credits. A number of days had also been allocated in the plan for corporate improvement work, consultancy and advice and follow-up reviews.
- 28.3 A Member questioned whether planning appeals were audited internally and the Director: Corporate Resources advised that, as discussed earlier in the meeting, it would be scored within the corporate risk register and discussions were taking place at the Chief Officers Group about the best way to take this matter forward. The Executive Director: Resources indicated that, whilst the exact route was to be determined, it was unlikely to be on the Audit and Governance Committee Agenda as audits of planning decisions were difficult. Picking this up on the corporate risk

register and reviewing the risk on an ongoing basis was right in terms of the remit of this Committee.

28.4 It was proposed, seconded and

RESOLVED That the Internal Audit Six Month Plan 2023/24 (October 2023 – March 2024) be **APPROVED** as detailed at Appendix 1 to the report.

The meeting closed at 3:05 pm