

SWT Audit, Governance and Standards Committee - 8 June 2020

Present: Councillors Lee Baker, Simon Coles, Hugh Davies, Caroline Ellis, Martin Hill, Janet Lloyd, Derek Perry, Steven Pugsley, Vivienne Stock-Williams, Andrew Sully and Terry Venner

Officers: Paul Fitzgerald, Jackson Murray, Alison North, Clare Rendell, Amy Tregellas and Alastair Woodland

Also Present: Councillors Chris Booth, Sue Buller, Roger Habgood, Ross Henley, Martin Peters, Hazel Prior-Sankey, Francesca Smith, Federica Smith-Roberts, Phil Stone, Alan Wedderkopp, Keith Wheatley and Loretta Whetlor

(The meeting commenced at 6.15 pm)

1. **Appointment of Chair**

Resolved that Councillor Lee Baker be appointed as the Chair of the Audit, Governance and Standards Committee for the remainder of the municipal year.

2. **Appointment of Vice Chair**

Resolved that Councillor Derek Perry be appointed as the Vice-Chair of the Audit, Governance and Standards Committee for the remainder of the municipal year.

3. **Apologies**

No apologies were received.

4. **Minutes of the previous meeting of the Audit, Governance and Standards Committee**

(Minutes of the meeting of the Audit, Governance and Standards Committee held on 11 March 2020 circulated with the agenda)

Resolved that the minutes of the Audit, Governance and Standards Committee held on 11 March 2020 be confirmed as a correct record.

5. **Declarations of Interest**

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
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Cllr L Baker	All Items	Cheddon Fitzpaine & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr C Booth	All Items	Wellington and Taunton Charter Trustee	Personal	Spoke
Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr H Davies	All Items	SCC	Personal	Spoke and Voted
Cllr C Ellis	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr D Perry	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr M Peters	All Items	Taunton Charter Trustee	Personal	Spoke
Cllr H Prior-Sankey	All Items	SCC & Taunton Charter Trustee	Personal	Spoke
Cllr F Smith	All Items	Taunton Charter Trustee	Personal	Spoke
Cllr F Smith-Roberts	All Items	Taunton Charter Trustee	Personal	Spoke
Cllr V Stock-Williams	All Items	Wellington	Personal	Spoke and Voted
Cllr T Venner	All Items	Minehead	Personal	Spoke and Voted
Cllr A Wedderkopp	All Items	SCC & Taunton Charter Trustee	Personal	Spoke
Cllr L Whetlor	All Items	Watchet	Personal	Spoke

6. Public Participation

No members of the public had requested to speak on any item on the agenda.

7. Audit, Governance and Standards Committee Forward Plan

(Copy of the Audit, Governance and Standards Committee Forward Plan, circulated with the agenda).

The Section 151 Officer requested the following amendments:-

- Approval of Statement of Accounts, Grant Thornton External Audit - Audit Findings Report and Assessment of Going Concern Status items be moved from the meeting scheduled for 27 July 2020 and that a special meeting be scheduled in October to discuss those items.
- Grant Thornton External Audit - Annual Audit Letter be moved from the September meeting to the December meeting.

Councillors were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Governance Team.

Resolved that the Audit, Governance and Standards Committee Forward Plan, with amendments, be noted.

8. **Grant Thornton - External Audit Fees 2020/21**

During the discussion, the following points were raised:-

- Councillors queried what would cause the External Auditor, Grant Thornton, to seek a fee variation.
The Section 151 Officer advised that the regulatory standards that the External Auditor followed were more robust and that there might also be new accounting standards introduced in the near future. He also highlighted that the covid pandemic might impact upon the fees and that officers needed to ensure that they gave timely responses to any queries raised by the External Auditor.
- Councillors highlighted that the letter from the Public Sector Audit Appointments (PSAA) made it clear that additional fees were almost inevitable and then requested clarification on the final fee being calculated on the risk based approach and whether the Committee or officers were able to challenge any additional fees put forward by the External Auditors.
The Section 151 Officer gave clarification and advised that the External Auditors would assess the risks and then discuss those with the Section 151 Officer and if extra fees were required, they would have to go to the PSAA for them to give independent assurance on the extra fees. The PSAA would then contact the Council to carry out checks and would then give their outcome on whether the fees were justifiable.

Resolved that the Audit, Governance and Standards Committee noted the 2020/21 planned audit fee contained within Appendix A to the covering report.

9. **Grant Thornton - External Audit Progress Report**

During the discussion, the following points were raised:-

- Councillors were pleased with the work carried out so far.
- Councillors fully recognised the difficulties placed on officers due to the covid pandemic and queried whether the Council had any early warning systems in place to alert officers if the Council were to get into financial difficulties due to the Government not fully funding covid related costs.
The Section 151 Officer advised that he had the responsibility to report on any going concern in his report, which would include any materiality for future going concern. The External Auditor and the Section 151 Officer had already discussed that all Councils would be in the same position as a result of the covid pandemic.
- Councillors requested regular updates on going concern.
The External Auditor advised that if they were aware of any risks, that they would report them to the Committee. The Section 151 Officer also advised

that he was regularly updated on financial matters that related to the covid pandemic and that if there were any significant impacts on any of the Council's finances, he would report those to the Committee.

Resolved that the Audit, Governance and Standards Committee noted the report.

10. **SWAP Internal Audit - Outturn Report 2019/20**

During the discussion, the following points were raised:-

- Concern was raised that the main accounting and budget setting processes were not robust and that it was a fundamental requirement for the Council.
- Councillors highlighted the summary of significant findings in the report and concern was raised on the results of the follow up audits.
The Internal Auditor was disappointed that those issues were highlighted but that it was a reflection of the disruption faced by the Council over the last 12-18 months. The situation had been influenced by a change in management and the officer's roles and responsibilities, which had led to some gaps in reporting.
- Councillors queried how many officers were budget holders.
The Section 151 Officer advised that there were approximately 50-60 budget holders.
- Councillors queried whether there would be monthly budget monitoring reports going forward to address the concerns raised by the audit.
The Section 51 Officer advised that reports were taken to the Senior Management Team every month and that they were reported to Councillors every quarter. He further explained that financial performance reports were taken to the Scrutiny Committee as they were responsible for holding the Executive to account, whilst the reports on financial control were taken to the Audit, Governance and Standards Committee to monitor.
- Concern was raised that the DLO Depot was included every year under invoicing issues.
The Section 151 Officer advised that a more detailed report on the invoicing issues would be brought to the September 2020 meeting of the Committee.
- Councillors queried the figures reported under the key controls and the reduced scope due to the covid pandemic on the housing rents. They further queried whether that would impact on the ability to carry out repairs and other essential works.
The Section 151 Officer advised that officers were monitoring the rent figures and that they were supporting the tenants as best they could. He acknowledged that repairs and other works might take longer to complete due to adhering to the social distancing rules, but that the impact on costs were not yet known.
- Councillors queried who was the Business Finance Partner stated in the report.
The officer was called Emily Collacott and she was also the Deputy 151 Officer.

- Concern was raised that budget holders were not managing their accounts and that there had been reports of non-variance.
The Section 151 Officer advised that the Finance Team should pick up on any variances missed by the budget holders but that there was a shortage in capacity at the moment.

Resolved that the Audit Governance and Standards Committee noted the progress made in delivery of the 2019/20 internal audit plan and significant findings since the previous update in March 2020.

11. **SWAP Internal Audit - Annual Opinion Report 2019/20**

During the discussion, the following points were raised:-

- Councillors queried what the implications were on the partial assurances.
The Internal Auditor advised that partial assurances meant that controls had not been what they should.
- Concern was raised on the follow up reviews.
The Internal Auditor advised that follow up reviews gave actions that should hold officers to account. He further explained that the Committee were able to challenge those and that their involvement was key for the follow up actions.
- Councillors requested an update on the Government fraud investigations carried out by Powys on benefit fraud.
The Section 151 Officer advised that he would schedule an update for the Committee.
- Councillors queried why the overall result was a partial assurance and whether the Internal Auditor was confident that the Council could improve.
The Monitoring Officer advised that a full explanation and an action plan on the partial result would be given at the July 2020 meeting of the Committee.
- Councillors queried what information could be given on the investigation being carried out under the whistle blowing policy.
The Internal Auditor advised that he could only give limited information and would need to discuss any details in confidential session.

Resolved that the Audit, Governance and Standards Committee noted the Annual Opinion on the effectiveness of the internal control environment in the delivery of SWT objectives.

12. **Summary of Level 1 and 2 Internal Audit Actions**

During the discussion, the following points were raised:-

- Councillors queried whether a revised date for the debtors target had been set, as we had gone past the original date of 31 March 2020.
The Monitoring Officer advised that the new deadline date would be within the next 2-3 months.
- Councillors queried when an update would be given on information management, as the target stated in the report was now out of date.

The Monitoring Officer advised that officers would attend the special meeting of the committee being held in July 2020 to give an update.

Resolved that the Audit, Governance and Standards Committee reviewed the overdue actions contained in the report and noted progress to date.

13. **Somerset West and Taunton Council Governance Arrangements**

During the discussion, the following points were raised:-

- The Portfolio Holder for Corporate Resources was proud to bring the report to the Committee and had worked closely with the Leader of the Council and the Monitoring Officer to be able to report to Audit in a timely manner. He wanted to ensure that all councillors were included and engaged with the process.
- Councillors welcomed the report and did not want any delays caused by the covid pandemic.
- Councillors queried whether a councillor survey could be used instead of an 'away day', or even to set up a workshop instead.
The Monitoring Officer was aware that the covid pandemic could hinder the holding of an 'away day' but did not want that to mean that the process was delayed, so the use of a survey could be a good starting point.
- Councillors requested clarification on whether the working group was a sub group of the Audit Committee or Full Council.
The Portfolio Holder for Corporate Resources advised that it was a decision for all councillors. He wanted the group to have cross party involvement and that any recommendations or decisions would be brought back to Council via the Audit Committee, as he wanted to be transparent on any actions taken. The Monitoring Officer advised that it was not a sub group of the Audit Committee or Executive and agreed with the Portfolio Holder that she wanted cross party involvement.
- Councillors highlighted that the Constitutional Working Group would need to link in with the work carried out on the governance arrangements.
The Monitoring Officer agreed that the Constitutional Working Group would be involved but that there was other work to be carried out by that group first.
- Councillors highlighted that the report gave the opportunity to address the culture within the Council and to ensure that councillors had an equal role in the decision making process.
- Councillors requested information on the timeframe required for publishing proposals, if the recommended changes were taken to Annual Council in 2021.
The Monitoring Officer advised that the first task for the working group would be to compile a timetable for the process.
- Councillors queried whether the working group would determine the use of the 'away day'.
The Monitoring Officer advised that another task for the first meeting of the working group would be to draw up the scope of the project and that they would have to be creative due to the inclusion of the social distancing measures and to ensure all councillors were engaged.
- Councillors requested that the public were engaged in the process.
- Councillors queried the use of the term 'value for money' in the project and queried how that was calculated for a system that some councillors deemed to be a more democratic process.
The Monitoring Officer advised that there was a set budget used for committees, councillors, allowances and other costs within the Governance Department. So if any structural changes were made, the budget implications would need to be assessed and factored into the budget setting process.

- Councillors were pleased to see that the new administration were looking into the different options available and agreed that the work carried out would be interesting for all councillors to be involved in.

Resolved that the Audit, Governance and Standards Committee recommended to Council the following:-

- a) An all Member 'away day' was arranged to consider the items listed at section 4.5;
- b) A cross party Members Working Group was established to investigate the options and to report back through the appropriate democratic pathway;
- c) The Terms of Reference for the Council Governance Arrangements Working Group (Appendix A) were approved; and
- d) Seven Councillors were selected to form the Working Group along with the Portfolio Holder for Corporate Resources.

14. **Audit, Governance and Standards Chair's Annual Report**

Councillor Sue Buller presented her annual report as the Chair of the Audit, Governance and Standards Committee.

The Committee thanked Councillor Buller for all her hard work as the Chair for the previous municipal year.

15. **Access to Information - Exclusion of the Press and Public**

Resolved that the press and public be excluded during consideration of agenda item 16 on the grounds that, if the press and public were present during the item, there would be likely to be a disclosure to them of exempt information of the class specified in Paragraph 2 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended as follows: The items contained information that could release confidential information that would reveal the identity of an individual. It was therefore agreed that after consideration of all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

16. **Monitoring Officer Update**

The Monitoring Officer gave the Committee an update on her case load that related to complaints received on Local Councillors.

(The Meeting ended at 9.00 pm)