

SWT Audit, Governance and Standards Committee - 7 December 2020

Present: Councillor Lee Baker (Chair)

Councillors Derek Perry, Simon Coles, Hugh Davies, Caroline Ellis, Steven Pugsley, Terry Venner, Sue Buller, Danny Wedderkopp and Hazel Prior-Sankey

Officers: Paul Fitzgerald, Clare Rendell, Alastair Woodland, Amy Tregellas, Richard Doyle, Andrew Randell, James Barra, Ian Candlish, Alison North, Stuart Noyce, Richard Sealy, Andrew Pritchard and Adam Evans

Also Present: Councillors John Hassall, Francesca Smith, Ross Henley, Sarah Wakefield, Loretta Whetlor and Mike Rigby

(The meeting commenced at 6.15 pm)

1. Apologies

Apologies were received from Councillors Hill, Sully, Lloyd and Stock-Williams.

Councillors Buller, Prior-Sankey and D Wedderkopp attended as substitutes.

2. 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 21 September 2020 circulated with the agenda)

Proposed by Councillor Coles and seconded by Councillor Pugsley

Resolved that the minutes of the Audit, Governance and Standards Committee held on 21 September be confirmed as a correct record.

3. 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
Cllr L Baker	All Items	Cheddon Fitzpaine & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr N Cavill	All Items	West Monkton	Personal	Spoke and Voted
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 D Perry	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr H Prior-Sankey	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr T Venner	All Items	Minehead	Personal	Spoke and Voted
Cllr D Wedderkopp	All Items	Taunton Charter Trustee	Personal	Spoke and Voted

4. **Public Participation**

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

5. **Audit, Governance and Standards Committee Forward Plan**

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

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.

Proposed by Councillor Coles and Seconded by Councillor Perry.

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

6. **SWAP Internal Audit - Progress Report 2020-21**

Alastair Woodland introduced the report. The 2020-21 Annual Internal Audit Plan is to provide independent and objective assurance on SWT Internal Control Environment. This work will support the Annual Governance Statement.

This report summarises the work of the Council's Internal Audit Service and provided details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in September 2020.

A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

The Internal Audit Progress Report for 2020-21 was contained within the SWAP Report in Appendix A.

Appendix A set out a number of areas such as the internal Audit Work Programme progress, the SWT Plan Performance. The Summary of work Plan and Priority recommendations were also considered.

During the debate the following comments and questions were raised:-

- Further information was requested in relation to the investigations set out in the report. Due to the sensitivity of this information it was agreed to be provided to the committee following the meeting
- Some areas had not been concluded and resolved following the previous update in respect of the delivery of the transformation programme, concerns were raised over the lack of progress being made.
- A completed status for the DLO audit was questioned and when this would be available. An officer had attended the committee to answer questions around this. It was considered that Open contractor software would cease to be used from April and work was underway to ensure all clients are clear on pricing and billing strategy.
- An up to date procurement strategy was overdue, the details around any delays were questioned.

Resolved that the Audit, Governance and Standards Committee:- noted progress made in delivery of the 2020-21 internal audit plan and significant findings since the previous update in September 2020.

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

The Council has engaged the South West Audit Partnership (SWAP) to carry out its Internal Audit functions; checking the adequacy of controls and procedures across the whole range of Council services.

At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.

When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.

Any control or procedural weaknesses are identified within an action plan appended to the audit report.

All findings will be allocated one of 3 priority ratings as set out:

Priority 1 Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management

Priority 2 Important findings that need to be resolved by management

Priority 3 Finding that requires attention

Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.

All priority 1 and 2 recommendations are captured in a register to ensure progress against the recommendations can be tracked and progress reported to the Audit, Governance and Standards Committee.

This report gives the Committee a progress update on all priority 1 and 2 audit actions, including those where the agreed remedial action is overdue.

A summary of the priority 1 and 2 actions was provided in Appendix A.

Appendix A set out the Update on Priority 1 and 2 Audit Recommendations

During the debate the following comments and questions were raised:-

- E5 and Open Contractor systems were considered. Covid-19 had delayed progress with the process redesign and replacement of these systems. This was ongoing but the aim of completing and implementing the replacement would be achieved in the New Year.
- The transformation process should have brought in systems to resolve the processes of payments and transactions, it was considered if further work was required to address this.
- Tracking transactions through systems was not an easy fix but the team had tracked progress and were working through this.
- Progress in business continuity planning was discussed following the experience of the pandemic.
- Business Continuity plans and escalating high risk issues were referred to Gold as the pandemic was ongoing, risks and issues from these plans would be distributed.
- Further details in the financial actions would be updated in the next report. Revised targets had been set out and resources had been adaptable to Covid-19 grant schemes being implemented to communities.

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

8. **Financial Control and Reporting Procedures**

The Finance Business Partner introduced the report.

The purpose of the report was to provide members of the Committee with an update regarding financial reporting arrangements and progress addressing audit recommendations from key control reports

Effective financial controls are among the key elements of the corporate governance framework and business control environment. A number of key control audits were undertaken as part of the 2019/20 audit plan. The testing largely focussed on the first 69 months of last year, where the Council's controls and processes were particularly susceptible to the impact of organisational disruption, including a high number of staff changes and the transition of systems and procedures to the new Council which was formed on 1 April 2019. The audits undertaken reported a range of risks including some weaknesses in the control environment, with the internal auditor reporting only 'partial assurance'.

The auditor's partial assurance definition is: "In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives."

The financial key controls audit assurance and number of audit recommendations for each area is summarised as a table in the report:

During the consideration of the item the following comments and questions were raised:-

- The committee thanked officers in the Finance Team for their hard work and congratulated them for their reports and changes implemented to the formatting.
- It was questioned if streamlining had led to less rigorous checks to invoices being paid.
- The banking contract was discussed and consideration given of the renewal of the banking arrangements which were considered overdue.
- It was questioned if attendance of training for budget holders should be mandatory. Officer attendance to budget holder training was strongly encouraged.

Resolved that the Audit, Governance and Standards Committee reviewed and noted the progress in improving financial control and reporting arrangements.

9. **Treasury Management Update - 30th September 2020**

The Finance Business Partner introduced the report.

The purpose of the report provide Members with an update on the Treasury Management activity of the Council for the first six months of 2020/21. It focuses on a review of the Council's borrowing and investment activities.

The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit, Governance and Standards Committee.

The Council's treasury management strategy for 2020/21 was approved at a meeting of the Council on 19th February 2020. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was also approved by full Council on 19th February 2020.

The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

The Council's treasury management strategy for 2020/21 was approved at the Full Council meeting on 19th February 2020. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was also approved by full Council on 19th February 2020.

During the debate the following comments and questions were raised.

- The committee commended the AA ratings and levels of funding in the various sections. The Finance Team were thanked for their reports.

Resolved that the Audit, Governance and Standards Committee noted the Treasury Management position as at 30th September 2020 (Appendix A attached to this report.

10. **Landlord Health and Safety Property Compliance Update Report**

The Assistant Director for Housing, Property and Communities introduced and presented the item.

This report provided an updated position for the main landlord health and safety property compliance disciplines. Understandably, the Covid-19 pandemic has significantly impacted our ability to progress with a number of the required actions since the last update provided to the Audit, Governance and Standards Committee on 7th September 2020. In particular, limitations within resource (both internally, and for contractors) has led to challenges in undertaking the necessary works. Obtaining access from some vulnerable tenants who are shielding or are anxious about allowing people into their homes during the second lock down continues to create difficulties in maintaining compliance in some areas. However, we are continuing with all compliance activities.

The information within this report summarises the current compliance of Somerset West and Taunton Council in relation to the following six key areas:

Asbestos management
Electrical safety
Fire safety
Gas safety
Lift and Stair-lift management
Water management (Legionella)

Each compliance area is monitored separately as defined by properties contained within either the Council's Housing Revenue Account (HRA) or General Fund (GF) accounts. HRA Blocks refer to all communal area(s) within the block (including any meeting halls), HRA Commercial refers to non-residential properties (e.g. shops or offices), HRA Dwellings refers to the individual property (e.g. house, bungalow, flat, etc.) and GF Property refers to the entire building.

The report identified:

Somerset West and Taunton Councils current compliance status (as at 25th November 2020)

Comparative performance from the previous report submitted on 7th September 2020 wherever possible.

Table properties have changed since the last report following a validation process of required compliance activities, and the separation of properties for ease of servicing and reporting.

Achievements and successes since the last report.

Realignment of audit categories to revised work streams / programmes of work. Issues adversely affecting compliance and action being taken.

Regulations / legislation which affects the way Somerset West and Taunton Council manages its compliance.

Risk ratings and timescales:

Somerset West and Taunton Council will review and where suitable use the ratings and timescales suggested by its approved contractors when receiving an inspection report. Where no timescales are given by the contractor, Somerset West and Taunton Council timescales as set out in its relevant policies will be adopted. Hazards deemed as urgent or as emergency works will be actioned as soon as reasonably practicable. This may include restricting access to areas immediately until the hazard can be removed.

Somerset West and Taunton Council may at times review hazards and change their priority if the original priority does not reflect the current use of the building or if there has been additional measures put in place that reduces the overall risk.

During the debate the following comments and questions were raised:-

- Electrical testing in relation to HRA properties were questioned.
- It was examined if Flook House was a General Fund or HRA property.
- Percentages set out on page 104 was considered. Asbestos surveys were discussed and if delays to these following the Covid-19 pandemic were expected.
- Sympathy around the Covid-19 sensitivities of residents were recognised where planned works on HRA properties were to be undertaken.
- A new tranche of Asbestos surveys were underway. A previous tranche was still held from 2018. These were always conducted before any major works were undertaken on properties.
- Replacement of Fire Doors were ongoing throughout the housing stock although a shortage of these had been experienced.
- Legionella testing was considered on HRA properties. Water risk assessments on shared water systems were undertaken. Individual dwellings would be tested alongside other checks such as gas safety by the compliance team.
- There was overlap between the testing programmes. Some communal areas did vary across the area in terms of the testing required such as electrical and water testing.
- Councillors had reported ongoing issues around furniture and waste in communal areas and how estates officers monitored this. There were particular issues in instances of a lease holder who had been reported in several instances. Estate officers were aware of block inspections and were proactive in reporting any issues encountered whilst these.

Resolved that the Audit, Governance and Standards Committee noted the contents of the report and progress being made in relation to landlord property safety compliance.

11. **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.

12. **Monitoring Officer Update**

The Monitoring Officer provided an update in relation to recent complaints considered by the standards sub-committee and the numbers of complaints that had been received in relation to local Councillors.

A training session had been undertaken on Zoom for Somerset West and Taunton Councillors.

A meeting of group leaders would be arranged in relation to complaints around conduct with Officers.

A further update of a number of Casual Vacancies from Parish Councils was reported.

Resolved that the Audit, Governance and Standards Committee noted the update from the Monitoring Officer.

(The Meeting ended at 8.05 pm)