

## SWT Audit, Governance and Standards Committee - 8 March 2021

- Present: Councillor Lee Baker (Chair)
- Councillors Derek Perry, Simon Coles, Hugh Davies, Caroline Ellis, Janet Lloyd, Steven Pugsley, Vivienne Stock-Williams, Andrew Sully and Terry Venner
- Officers: Alison North, Paul Fitzgerald, Aditi Chandramouli, Alastair Woodland, Marcus Prouse, Amy Tregellas and Andrew Randell
- Also Present: Councillors John Hassall, Ross Henley, Marcus Kravis, Dave Mansell, Peter Pilkington, Mike Rigby, Francesca Smith, Phil Stone, Sarah Wakefield, Brenda Weston and Loretta Whetlor

(The meeting commenced at 6.15 pm)

### 32. Apologies

Apologies were received from Councillor Hill and Jackson Murray.

Councillor Stone attended as a substitute.

### 33. 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 1 February 2021 circulated with the agenda)

**Resolved** that the minutes of the Audit, Governance and Standards Committee held on 1 February 2021, following minor amendments be confirmed as a correct record.

### 34. 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 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	Personal	Spoke and Voted

		Trustee		
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr D Mansell	All Items	Wiveliscombe	Personal	Spoke and Voted
Cllr V Stock-Williams	All Items	Wellington	Personal	Spoke and Voted
Cllr G Wren	All Items	Clerk to Milverton PC	Personal	Spoke and Voted

35. **Public Participation**

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

36. **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.

A report from the Governance Working group was requested at the next meeting on 12<sup>th</sup> April, this was confirmed but Council would need to make a resolution in relation to the future Governance arrangements.

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

37. **Grant Thornton External Audit Progress Report and Sector update**

The report set out the progress at February 2021 detailing the Financial Statements Audit, Value for Money Opinion, Certification of the audit and Audit of the 2020/21 Financial year alongside the associated planning processes.

The audit plan was expected to be issued in April 2021 summarising the approach to key risks on the audit in April 2021. The interim audit would cover an understanding of processes and controls, a walkthrough of the significant risk areas, and a review of IT general controls. The substantive testing would be undertaken at the post statements visit in the summer. Any findings from the interim audit would be reported in the progress report at the April Audit, Governance and Standards Committee.

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

- Questioning took place in relation to signing off the previous year's audit. It was acknowledged that there was an outstanding projection of 2018/19 statements. Work on certification would be issued and finalised shortly, this work remained ongoing.

- Extension to the deadline until 10<sup>th</sup> March was discussed. The 30<sup>th</sup> November was the housing benefit deadline but had been extended to 30<sup>th</sup> January 2021 as a result of the pressures arising from the pandemic.
- Revenues and Benefits departments had been issuing Covid-19 business support grants, remote access to Councils systems for auditing purposes was also an issue. An extension up until the end of April had been granted due to the resources and pressures from the pandemic.

The Committee noted the report.

### 38. **SWAP Internal Audit - Progress Report 2020/21**

The Internal Audit function played a central role in corporate governance by providing assurance to the Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation. The 2020-21 Annual Internal Audit Plan provided independent and objective assurance on SWT Internal Control Environment. This work would support the Annual Governance Statement.

The report summarised 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 December 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 and set out within the appended SWAP report

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

- Performance targets set out in the report were considered alongside the likelihood of reaching these targets. The South West Audit Partnership were confident and on track to deliver targets set out. This was based on assumptions around the requirement of officers to provide access to information.
- Concerns were expressed in relation to the updated whistleblowing policy.
- The 12<sup>th</sup> April meeting would consider the anti-fraud framework which included an updated whistleblowing policy.

The Committee noted the progress made in delivery of the 2020-21 internal audit plan and significant findings since the previous update in December 2020.

### 39. **SWAP Internal Audit - Audit Plan and Charter 2021/22**

The report introduced the Internal Audit Plan for 2021/22 and also incorporated an 'Internal Audit Charter' which sets out the operational relationship between Somerset West and Taunton (SWT) and the South West Audit Partnership (SWAP).

This is a flexible plan that may be amended during the year to deal with shifts in priorities or new and emerging risks. The following plan has the support of the Section 151 Officer and has been approved by the Senior Management Team.

The Internal Audit service for Somerset West and Taunton is delivered by SWAP.

Somerset West and Taunton's audit plan for 2021-22 is based on 380 days.

The internal audit plan for 2021/22 was set out in the attached report from SWAP. I am satisfied that this plan is focussed on key risks areas and will help me provide Somerset West and Taunton Council with assurance on internal controls.

This has been discussed and supported by the Council's Senior Management Team and is now shared with Members for approval. Internal Audit Charter

The internal audit service provided by the SWAP, worked to a Charter that defines its roles and responsibilities and the roles and responsibilities of the Council's managers as they relate to internal audit. Best practice in corporate governance requires that the charter be reviewed and approved annually by the relevant Committee.

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

- Discussion took place that there were more topics in the plan in quarters 2 and 3 than 1 and 4. It was questioned if there was a reason for this. Prioritising the key areas would happen in the first quarter. Alternative means of assurance could be considered in certain areas.
- Information would be sent to the committee, a place where the committee can access data would be set out giving information about what can be considered each quarter.
- There were a couple of minor changes made to the Audit charter, members would be provided these in due course.
- Risk management maturity was questioned, this was used as a reliance on the risk management framework to find the material risks.
- Key risks across local government would be assessed to give assurance across all Council areas of audit planning.

The Committee:-

Approved the Internal Audit Plan for 2021/22.

Approve the Internal Audit Charter.

#### 40. **Local Code of Corporate Governance**

Corporate Governance was the system by which Somerset West and Taunton Council direct / control its functions and relate to our community.

Good Corporate Governance is required to ensure that the public services provided by the Council are delivered with both confidence and credibility.

The Council was committed to the principles of effective corporate governance and has therefore adopted a Code of Corporate Governance which follows the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled 'Delivering Good Governance in Local Government (2016)'.

The guidance defined the seven core principles, each supported by sub-principles that should underpin the governance framework of a local authority.

The core principles at the heart of the CIPFA/SOLACE governance framework were set out

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

- Consideration was given around Principle B – Openness and stakeholder engagement.
- Concerns were expressed on behalf of residents across the district who were digitally excluded and those with disabilities, these were for equality compliance reasons and social objectives.
- Utilising the skills and expertise of all Councillors was considered a risk from the Committee in not using Councillors to the best potential for the benefit of the community.
- Increased and more effective communications were requested for Councillors from the Communications team.
- Training and development was being picked up as part of a working group. It was fully recognised that this could be improved.

The Committee approved the Code of Corporate Governance.

#### 41. **Changes to the Constitution**

The purpose of the report was to present Members with Protocols for the role of Member Champions and Member Working Groups, which will, if approved, become appendices to the Council's Constitution.

The Member Champion Protocol set out the role of Members Champions as well as how they will operate. If Council approve the protocol, the next step will be for Group Leaders to nominate Members for roles and for a list of appointments to be drawn up by the Leader of the Council, for ratification at the Council Annual Meeting in May 2021.

The Member Working Group Protocol set out how Working Groups will be convened and operated going forward.

In light of the Unitary proposals for Somerset, it was also recommended that the previously agreed Members Working Group to look at doing a full review of the Constitution is put on hold and that the Monitoring Officer come back to Council in due course (via the Audit, Governance and Standards Committee) with a number of other amendments to the Constitution.

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

- An addition of a rural member champion role was requested. This was considered essential to the district. It was agreed that this would be added.
- Utilising councillors in a constructive way on working groups was encouraged.
- Once Council had made the resolution, more information was requested in terms of how the committee system would look when the changes would be made to the constitution.
- Changes to the constitution in relation to Planning were requested, these would be considered at the next Committee on 12<sup>th</sup> April.
- Standing down the Constitution Working Group was considered the correct option with the understanding that it wouldn't be the best use of officer time with the amount of work in the short and medium term.

- The working group didn't need to stand down if committee members considered this wasn't the correct course of action.
- The report being signed off by Director or SMT was considered and if this needed to be rephrased.
- It was questioned if there was a specific budget for working groups, officers and the governance team would provide support to these in most cases.
- The quorum was considered as low and not adequate to carry out the work. It was recognised that the higher the quorum the more risk of work not being considered if members couldn't attend a working group and the meeting couldn't commence.

That the Committee recommends that Full Council approves:

- a) The Member Champion Protocol (Appendix A), subject to Member Champions for Rural Affairs, Disability and Sports and Recreation be added to the list in Annex 1
- b) The Member Working Group Protocol (Appendix B), subject to:
  - a. the quorum for Member Working Groups being amended to 5 for Council and Executive WGs and 3 for all other Member Working Groups
  - b. 5.1 being amended to change the wording to remove 'sign off' and propose that it is replaced with 'consultation with, and comments from the relevant officer'.
- c) Both documents becoming appendices to the SWT Constitution

And, that the Audit, Governance and Standards Committee resolves:

- d) That the Monitoring Officer comes back to the next meeting of the Committee with any proposed amendments to the Council's Constitution.

## 42. **Chair's Annual Report**

The purpose of the report was to provide Members of the Council with details of the work carried out by the Audit Governance and Standards Committee (AGSC) during the year ended 31 March 2021. The report also details how the AGSC has fulfilled its terms of reference during this period.

The AGSC function is to provide assurance of the adequacy of the risk management framework and associated control environment; provide scrutiny of the Council's financial and non- financial performance to the extent that it affects the Council's exposure to risk and weaknesses in the control environment, and oversees the financial reporting processes. The Committee's specific powers are set out the Terms of Reference in the Constitution. Audit Committees are a key component of Corporate Governance and provide an important source of assurance about an organisation's arrangements and practices for managing risks, maintaining an effective control environment, together with reporting on financial and other performance. In 2018, The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance to local authorities to help ensure that AGSC's operate effectively. The AGSC has adopted the procedures set out in this

guidance as best practice. The guidance also recommends that the AGSC's report annually on how they have discharged their duties.

Further updates were provided to the Committee in relation to work undertaken and findings, financial statements, External and Internal Audit.

During the debate no comments and questions were raised.

The Committee noted the Chairs Annual Report

43. **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.

44. **Monitoring Officer Update**

The monitoring officer provided the following update which highlighted the following:-

A number of complaints had been received in relation to the Cannonsgrove item considered at a recent Scrutiny Committee.

Town and Parish Council Code of Conduct and Standards training would be undertaken in the coming weeks.

Following the update there were no comments or questions

The Committee noted the update.

(The Meeting ended at 8.15 pm)

