

SWT Audit and Governance Committee - 12 September 2022

Present: Councillor Lee Baker (Chair)

Councillors Janet Lloyd, Ed Firmin, Simon Coles, Hugh Davies,
Dawn Johnson, Steven Pugsley, Terry Venner and Hazel Prior-Sankey

Officers: Amy Tregellas, Alastair Woodland, John Dyson, Mike Barter, Ian Candlish,
Sam Murrell, Sean Papworth, Steve Plenty and Malcolm Riches

(The meeting commenced at 6.15 pm)

A minute's silence was observed at the start of the meeting as a mark of respect for the passing of Her Majesty Queen Elizabeth II.

92. **Apologies**

Apologies were received from Councillor Tom Deakin who was substituted by Councillor Hazel Prior-Sankey.

93. **Minutes of the previous meeting of the Audit and Governance Committee**

The Committee resolved to approve the minutes from the Audit and Governance Committee meeting held on 13th June 2022.

(Proposed by Cllr Janet Lloyd and seconded by Cllr Hazel Prior-Sankey)

94. **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	SCC, 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 D Johnson	All Items	SCC	Personal	Spoke and Voted
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr H Prior-	All Items	SCC & Taunton	Personal	Spoke and Voted

Sankey		Charter Trustee		
Cllr S Pugsley	All Items	SCC	Personal	Spoke and Voted
Cllr T Venner	All Items	Minehead	Personal	Spoke and Voted

No other interests were declared.

95. **Public Participation**

Mr Roger House made the following statement to the Committee, in relation to agenda item 12, Health and Safety update (particularly page 110):
 'The paper reports on Health and Safety for the merger of the five Councils and it is wisely preparing for that. But all over Somerset the new Principle Council will be persuading town and parish councils to perform all "gardening and open space management." Should the council be preparing also for a Taunton Town Council here to have its own green space team and depot? The changeover will take over a year longer to achieve than next March, allowing a current workforce to be "Tuped" over to the new town employer. Should the committee leave behind a working Health and Safety system as page 110 for the new town council. All elements of the system will be needed; Weymouth a resort town currently has a budget of £800k for staff and £325k for contractors. Taunton will have at least three quarters the population.

Amy Tregellas, Governance Manager and Monitoring Officer advised Mr House that the report on the Community Governance Review is starting to go through the democratic process and that discussions are ongoing as to what an implementation plan would look like.

96. **Audit and Governance Committee Forward Plan**

The Committee were advised that the meeting listed on the forward plan for the 27 September 2022 to consider the statement of accounts, has been cancelled and that an alternative date of 31 October 2022 has been pencilled in.

John Dyson, Corporate Finance Manager advised that:

- The auditors needed more time to gather information from some external partners and that was impacting on the closing down of the final questions on the audit.
- Depending on the outcomes of those enquiries, the remaining work could potentially lead to some material adjustments to the accounts.
- As a result of the nature of those adjustments, it is not envisaged that any changes would be needed to the reserves or resources of the Council at this stage.

During the debate, discussion took place around:

- Whether the statement of accounts would come to the Committee on 12 December or a special meeting before that date? Officers confirmed that a special meeting of the Committee would be scheduled - currently pencilled in for 31 October but to be confirmed following discussions with the external auditors.

- That the end of November is the latest date for the publication of the audited Statement of Accounts
- The main things holding up the audit process are:
 - Queries on the valuation of land and building that are currently with the external valuer
 - Queries on the valuation basis for some employees in relation to the pension fund, with responses due from the actuary
 - The validity of a trial period adjustment in relation to Coal Orchard and how something appears on the balance sheet. So that is going through the technical and audit process.
- A further issue which could delay the Accounts relating to a statutory override which is going through Parliament. This relates to a technical matter for local authorities follow the Chartered Institute of Public Finance and Accountancy (CIPFA) Accounting Code of Practice, and the measurement of infrastructure assets in the balance sheet. It has gone through in Scotland but we don't yet have a date for England. This could lead to a further delay in the final approval of the Statement of Accounts.
- If the statutory override has not gone through Parliament on time, the alternative plan is that the accounts come forward to the Committee and be approved subject to consultation between the Chair and Vice-Chair, and the Assistant Director Finance (Section 151 Officer).
- Whether there could be a challenge to our Accounts? It was confirmed that the opportunity for the public to inspect the accounts has now passed. If there was to be any objection to the accounts that would have been brought to the attention of the external auditors. That has not happened.

The Committee **resolved** that the Audit and Governance Committee Forward Plan be noted.

(Proposed by Cllr Simon Coles and seconded by Cllr Steven Pugsley)

97. **Audit and Governance Committee Terms of Reference Update**

Amy Tregellas, Governance Manager and Monitoring Officer introduced the report:

- The key reason for amending the Terms of Reference was due to a recommendation in the SWAP Baseline Fraud Report, to set out the Committees role in approving the Annual Fraud Plan within the Terms of Reference.
- The amendments were set out as:
 - Page 23, bullet point 4 – amended to reflect that it is the Risk and Opportunity Management Strategy
 - Bullet point 5 has been added and confirms that the Committee approves the Council's Annual Fraud Plan.
 - Bullet point 8 has been added reflect that the Committee monitors the progress on delivering audit actions on a quarterly basis.
 - Page 24, bullet point 16d has been added to include the Anti-Money Laundering Policy as part of the suite of Anti-Fraud policies.

- Bullet point 17 has been added to reflect that the Committee will monitor and review the Council's performance against the Annual Fraud Plan with updates to be provided half yearly.

There was no debate on this item

The Committee **resolved** to approve the recommendation in the report:

The Committee recommends to Full Council that the updated Terms of Reference for the Audit and Governance Committee are approved.

(proposed by Cllr Steven Pugsley and seconded by Cllr Simon Coles)

98. **SWAP Internal Audit - Progress Report 2022/23**

Alastair Woodland, SWAP Assistant Director introduced the report:

- This is the quarterly update report on the audit plan progress for 2022/23 to assist you with your oversight role in respect of governance, risk and control for the Council.
- Pages 28 and 29 provide an update on the purchasing card audit and management responses at the time of writing the report. All recommendations have been implemented so that is good news. There is also an update in respect of the management of material supplies audit which was highlighted as having limited assurance.
- Page 34 provides a summary of the work completed since the last update. There were no adverse audit opinions that needed to be brought to the attention of the Committee, based on the work that has been undertaken.
- Page 37 highlights some changes to the rolling audit plan and highlights the areas selected for quarter 2.
- Pages 39 to 42 provide an overview of the audit plan and where we are. The work on Local Government Reorganisation (LGR) has been separated out.
- Confirmation that Price Waterhouse Coopers (PWC) are providing the quality assurance role for LGR to the governance structure that is in place. SWAP work is supporting the various work streams rather than LGR process as a whole. Work listed in table 2 on page 41.

During the debate, discussion took place around:

- That it was good to see that positive work had been done that gives the Committee assurance
- Whether SWAP had managed to uncover what had happened historically with purchasing card transactions and whether that would impact on the accounts. Mr Woodland confirmed that the control measures that have been put in place by management was set out on pages 28 and 29 and that SWAP are just finalising that review of purchasing card transactions. He stressed that there is no evidence of any fraud in relation to those transactions but there was potentially some non-compliance with policy. He confirmed that there was nothing that would impact on the accounts.
- Income collection and the fact that following a review of the income across the authority, it was felt appropriate to split income collection into the areas of car

parking, litter enforcement and Deane Helpline. Some of these areas had not previously been covered by internal audit work.

- Whether the Committee could receive an update on the special investigation into FTC allegation listed on page 40. Mr Woodland confirmed that the matter was ongoing but that he would arrange for the information to be shared with Committee members.

The Committee **resolved** to approve the recommendation in the report:

The Committee is recommended to note the progress made in the delivery of the 2022/23 internal audit plan and significant findings as identified in this update.

(proposed by Cllr Simon Coles and seconded by Cllr Steven Pugsley)

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

Malcolm Riches, Business Intelligence and Performance Manager introduced the report:

- The purpose of the report was to update the Committee on progress against the delivery of level 1 and 2 internal audit actions as at the end of July 2022.
- Appendix 1 summarised the status of the Audit reports including the two audit reports relating to the Data Centre and Climate Change, where all of their priority 1 and 2 actions have been completed.
- There have been a further 6 audit actions completed since the last report the details for that is in Appendix 2, pages 51 and 52.
- The good news is that there are currently no overdue audit actions that have gone beyond their current target date.
- There are 11 audit actions still currently open and their due date is further ahead and progress on those will be reported nearer the time and those items are listed along with a Red, Amber, Green (RAG) status in Appendix 2.
- A couple of further updates were provided, in that the report was prepared several weeks ago and is the position as at the end of July. Since writing the report good progress has been made regarding purchasing cards and a number of those actions are now closed although they are still showing as open in Appendix 2. The first action on page 53 relating to Health and Safety, currently with a RAG status of amber has now been completed.

During the debate, discussion took place around:

- Whether the date listed at the top of page 53 should have read end July 22 rather than end July 2021. Mr Riches confirmed that it should be end of July 2022.

The Committee **resolved** to approve the recommendation in the report:

The Committee notes the progress being made with audit actions, and that there are currently no overdue actions.

(Proposed by Cllr Simon Coles and seconded by Cllr Steven Pugsley)

100. **SWAP Baseline Fraud Maturity Report**

Amy Tregellas, Governance Manager and Monitoring Officer introduced the report in the absence of David Warren from SWAP.

- The report provides an update following on from the report presented to the Committee in September 2021.
- Section 4.4 of the report on page 58 sets out that key officers have engaged with the initial findings and ensured that most of the actions have been implemented, resulting in significant progress.

During the debate, discussion took place around:

- E learning modules and whether LGR or any other reason had resulted in the low number of staff completing the training as of July 2022. Officers confirmed that staff were asked to complete the 3 fraud modules by the 31 August and that the most recent figures showed a 65% completion rate.
- Whether the Council is still working with the Powys counter fraud service. Officers confirmed that the Council is continuing to use the Powys service as and when needed.
- Ensuring that the new Unitary Council has robust Anti-Fraud policies and procedures in place from vesting day.
- The Whistleblowing policy and that Members can raise issues through that if appropriate. Officers confirmed that the Whistleblowing policy is on the Council website and includes contact numbers if anyone felt they wanted to make a whistleblowing report.

The Committee **resolved** to approve the recommendations in the report:

Members are asked to note further information provided on the Baseline Fraud Assessment of Maturity in relation to Fraud Report 2022.

(Proposed by Cllr Dawn Johnson and seconded by Cllr Janet Lloyd)

101. **Treasury Management 2021/22 Annual Report**

John Dyson, Corporate Finance Manager introduced the report:

- This is an annual report which is brought to this committee before going to Full council and covers the reporting requirements under the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Code of Practice on Treasury Management.
- The committee is asked to note the report which is based on the Council's treasury management position as at the 31 March 2022.
- The committee is also asked to endorse the recommendation already formed by the Executive committee to reduce the approved borrowing limit by a sum of £35m in 2022/23. The recommendation is brought to this committee as well because the limit forms part of the Capital Investment and Treasury Strategy which was passed through this committee and then Council in March this year.

- The Council employs the services of Arlingclose as Treasury Management advisors, and the report contains their commentary setting out the external context.
- The report includes tables giving a high-level view of investment and borrowing portfolios as at the year end 31 March 2022.
- In the last year there has been the addition of new borrowing to finance the acquisition of the final tranche of commercial investment properties, £75m new or replacement borrowing.
- The size of our overall borrowing portfolio has grown by £18m year on year.
- Our investment portfolio amounts to nearly £40m as at 31 March 2022.
- Arlingclose report that our investment return when compared to their 121 Council clients is 3.87% compared to 2.1%
- Corrections to be made to table 6 on page 83 and the rate of return column for 31 March 2022. Where it says 1.83% amend to 3.87%. Across similar local authorities amend from 1.18% to 2.38%. Across all local authorities amend from 0.97% to 2.1%. We were very much understating the return we are achieving on our investments overall.
- One other typographical error paragraph 6.1 on page 79 the first line reads as the council's net cash investments are £77.03m but this needs to be amended to £79.03m. That then corresponds with table one.

During the debate, discussion took place around:

- The high rates of interest for some of the Public Works Loans Board (PWLB) loans e.g. where we borrowed at rates of 8.38%, 7.38%, 6.63% and 4.25%, which stand out as being anomalies compared to the rest of the table. Officers confirmed that the loans referred to were taken out some years ago with some as far back as 1996.
- Whether the interest rate on the account with National Westminster Bank would increase given interest rates rising generally.
- What the Buckinghamshire council loan was for and whether it is common to borrow from other Local authorities.
- Whether borrowing from another local authority was cheaper than a PWLB loan
- What happens on vesting day in terms of existing borrowing and investments, including loans totalling £5.069m to local businesses, charities, partnerships and sports clubs.
- Officers confirmed that borrowing and investment commitments will transfer to the new authority. Officers are working with the County Council and the other districts to make ensure the optimum position on vesting day, particularly in relation to cash flow
- Whether the notional average interest rate of 1.5% would be revised given what is happening to the base interest rate.

The Committee **resolved** to approve the recommendations in the report:

1. To note the Treasury Management activity for the 2021/22 financial year and compliance with the Prudential Indicators

2. To endorse the recommendation made by the meeting of the Executive Committee on 20 July 2022 to Full Council to approve a reduction of £35m to the Approved Borrowing Limits in the Capital, Investment and Treasury Management Strategy for 2022/23 reflecting a reduction in capital financing requirement for expenditure no longer required (as referred to in paragraphs 6.33 and 6.34 of this report).

(Proposed by Cllr Simon Coles and seconded by Cllr Ed Firmin)

102. **Local Government Ombudsman summary of complaints for 2021/22**

Amy Tregellas, Governance Manager and Monitoring Officer introduced the report:

- The report sets out the Local Government Ombudsman (LGO) complaints for the last 12 months.
- Page 99 sets out that there were 26 Ombudsman complaints in the last 12 months, and details which areas of the council they related to
- Page 100 gives details on the outcomes of LGO complaints and the decisions issued.

During the debate, discussion took place around:

- The fact that was reassuring to note that out of 31 complaints only 6 were upheld, and that the complaints upheld is lower than the 7 last year, so going in the right direction.
- That the Council takes learning from the complaints that were upheld.
- The Officer agreed to come back to the Committee with answers to the following questions:
 - What did the complaint listed as other relate to?
 - How much did these complaints cost us?
 - Why was the Council late to comply in one case?
- That the report plus answers to the questions above should be circulated to all Councillors, and that this be added to the recommendation.

The Committee **resolved** to approve the recommendation in the report:

That the Committee notes the contents of the Local Government Ombudsman complaints – 2021/22 Annual Report, and that it is sent to all Councillors for information.

(Proposed by Cllr Dawn Johnson and seconded by Cllr Simon Coles)

103. **Health and Safety Update**

Sean Papworth, Assistant Director Corporate and Mike Barter, Health & Safety Business Partner introduced the report

- The purpose of the report was to provide the Committee with an update on the H&S framework and performance scorecard, as well as the improvement programme.

- Mike Barter gave the progress update as set out in Appendix A, with key points being:
 - Accidents show a steady decline compared to previous years. Most common cause still remains due to slips, trips and falls at the same level (rather than falls from height), with 6 so far this year (3 members of the public and 3 employees)
 - Incident frequency is increasing markedly, this may be partly due to more people being aware and reporting. 50% of the incidences this year have been vehicle related. The remaining serious incidents have involved contractors.
 - Near miss reporting was looking good at the start of the year but did increase. However, in last couple of months it has dropped off considerably.
 - Safety Action Notices (SAN) main reasons for issue are failed risk assessments, risk assessment not being present or failure to report incidents
 - A lot of work has been done on the vetting and management of contractors
 - Workplace inspections have been taking place including regular un-announced audits of both staff and contractors
 - Links between Health & Safety and Human Resources have been galvanised to work together on developing a robust Health & Safety framework for the new unitary council

Sean Papworth gave an update on the improvement programme:

- Various audits had led to the improvement programme. A recent follow up audit confirmed that considerable progress has been made with nine actions completed and two remaining in progress.
- The new H&S system is due to be rolled out in the run up to Christmas.
- A joint review of insurance claims had been superseded by the Local Government Reorganisation (LGR) work.
- Risk Management work-stream – our risk assessment reviews are now fully completed. Those risk assessment will be shared with the business and will populate the risk element of the new system.
- Lone working – work continues on this with officers doing a lot of work with colleagues in terms of LGR.
- People work-stream - one of core elements is around compliance training. Huge amount of work done by Learning and Development. Know what training everyone has had and when tickets expire.
- Member health and safety training has been delayed due to staff absence. The Health and Safety Team is working alongside the Governance Team on a risk assessment for Councillors. Once completed, training will take place on the risks that are relevant.
- Contractor work-stream - a big piece has been done to work through Construction Industry Scheme (CIS) contractors who normally do the highest risk work. Working to ensure that their documentation is all up to date and health and safety training and insurance is in place. This includes getting relevant documentation from the contractors, and they have until early October to comply before safety action notices are issued for non compliance.
- Health and safety software solution. This will give ease in reporting and better view of data. Good test product as we move into unitary.

- The team are engaged in LGR Health and Safety workstream. Making sure work we have done in not lost during the transition to the new council.

During the debate, discussion took place around:

- Whether the accidents had been in the same place or area and whether any of them related to pavements. The officer confirmed that the majority of the staff accidents occurred when they were moving around the workplace. The other accidents mostly related to potholes. Accidents are looked at on a case by case basis and where appropriate, details of the pothole would be passed to Highways.
- The fact that there are noticeboards in the reception at Deane House with information about lone working.
- How the Health & Safety process works when people are working at home, e.g. whether they have their computer at the right height or right chair to sit on? Officers confirmed that there is a Display Screen Equipment (DSE) module built into mandatory training. Also, if there are particular individuals that need a more personalised assessment officers would go out and do that with them.
- Whether a copy of this information could be shared with Councillors to help them with their work environment at home
- Who would be responsible if an employee tripped over a cable whilst working at home?
- The Council has a responsibility for DSE, lone working, stress and mental health and have a duty of care to stay in touch with employees to monitor these areas.
- The risks around abuse and threatening behaviour towards Councillors and how Councillors could keep themselves safe. Officers confirmed that information on personal safety was sent around to all councillors recently and that they would revisit the information on the Local Government Association website and circulate any further useful information including how to de-escalate a situation.

Cllr Baker asked Sean Papworth to pass the committees thanks on to the team for the good work they have been doing.

The Committee **resolved** to approve the recommendations in the report:

The Committee is asked to note and endorse:

- a. The Health and Safety performance scorecard data, together with the observations/ recommendations/ conclusive summary (Appendix A)
- b. The Health and Safety Management System Improvement Programme progress update (detailed in section 4.4)

(Proposed by Cllr Simon Coles and seconded by Cllr Janet Lloyd)

(The Meeting ended at 7.50 pm)

