



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

26 April 2022

7.05 - 9.01 pm

Council Chamber

Minutes

Membership

Councillor Nigel Studdert-Kennedy (Chair)

Councillor Paula Baker

Councillor Nick Hurst

Councillor Stephen Davies

Councillor Ashley Smith

*= Absent

Councillor Martin Percy (Vice-Chair)

Councillor Keith Pearson

Councillor Rich Wilsher

* Councillor Norman Kay *

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Officers in Attendance

Strategic Director of Resources

Monitoring Officer

Head of Audit Risk Assurance

Principal Auditor

Head of Development Management

Interim Head of Housing Services

Development Team Manager

Senior Accountancy Officer

Revenue & Benefits Manager

Housing Manager

Democratic Services & Elections Officer

Other Member(s) in Attendance

Councillors Baxendale, Green and Ross

ASC.051 Apologies

Apologies for absence were received from Councillors Smith, Davies and Kay.

ASC.052 Declaration of Interests

There were none.

ASC.053 Minutes

Councillor Hurst requested a change on page 5 for the text to be amended from 'use of the word' to 'use of that word'

Councillor Percy questioned the progress of the policy register which was mentioned on page 8 of the reports pack. The Strategic Director of Resources agreed to get back to him with the information.

The chair questioned whether the recalculation of the thresholds for the procurement figures minus the VAT had been provided. The Strategic Director of Resources agreed to get back to with the information.

The Chair pointed out an error on page 10 where it read 'differ' instead of 'defer'.

RESOLVED That the Minutes and the Exempt Minutes of the meeting held on 8 February 2022 were approved subject to the amendments above.

ASC.054 Public Question Time

There were none.

ASC.055 3rd Quarter Treasury Management Activity Report 2021/22

The Senior Accountancy Officer introduced the report and explained in detail the main points which included:

- Page 15 of the reports pack showed the two different types of investments.
 - Internal Managed investments – Consistent around 0.18% interest due to a low base rate, which was starting to increase.
 - Property Funds / Multi-asset funds – Similar interest rates to Internal Managed Investments however, they had dropped after Christmas due to inflation but had recovered from that by the end of the financial year.
- Page 16 of the reports pack showed the £6m property investment had increased by £379k and the £4m Multi-Asset investment had increased by £337k.
- Page 17 of the reports pack showed a total sum of £59,345 in temporary investments and an overall sum of £101,717 invested.
- Page 19 of the reports pack showed that the Capital Financing requirement had risen to £119,208.

Councillor Pearson queried the half year total on page 15 which looked like it was the total of all 3 quarters. The Senior Accountancy Officer confirmed that was a mistake and should have said third quarter total instead of half year total.

Councillor Percy questioned the low investments in Local Authorities as seen on page 17. The Senior Accountancy Officer explained that they would always try to get the best rates they could.

In response to Councillor Wilsher, it was confirmed that the ethical investment policy had been completed and had been agreed by Full Council in February. They also confirmed that Camdor Global Advisors had been commissioned but had not yet had their first assessment.

In response to Councillor Hurst, it was confirmed that all of the investments had been looked at thoroughly in light of the situation with Ukraine.

Councillor Pearson proposed and Councillor Wilsher seconded.

After being put to a vote, the Motion was carried unanimously.

RESOLVED To ACCEPT the treasury management activity third quarter report for 2021/22.

ASC.056 Internal Audit Progress Report 2021/22

The Head of Audit Risk Assurance introduced the report and explained that it included all activity up to the middle of March and counter fraud activity. He informed the committee of the 6 pieces of work that had been completed since the last update and confirmed that they were on schedule for completion of the audit plan for the end of the financial year.

The Head of Audit Risk Assurance informed the committee of the internal changes that they had made which included:

- A change in the format of the reports, they would be more focused.
- Any areas that needed to be addressed by management would be clearly highlighted.
- The risks identified in the reports would be categorised as high, medium and low.
- The internal Audit Progress report would be split into two sections.
- The summary of Internal Audit Activity would be Red, Amber and Green (RAG) rated to show progress.
- The Annual Report, The Chair's Annual Report and the Annual Governance Statement would all undergo a refresh to be more focused.

It was agreed to take questions on the Internal Audit Progress Report first and then discuss the Risk Management Review at appendix B afterwards.

In response to Councillor Pearson, the Head of Audit Risk Assurance explained that the levels of assurance had changed as part of the internal changes, to aid the transition period a key would be used as part of the future reports.

The Head of Audit Risk Assurance introduced the Risk Management Review and highlighted the following main points:

- The role of internal audit in relation to risk management was to help the council to achieve its objectives. This included identifying and managing risks appropriately.
- It was felt a review of risk management was required to establish where the council was and where efforts could be made to improve.
- Audit Risk Assurance (ARA) previously had a Risk Management Officer post which was no longer available, this furthered the need for the review to be completed externally.
- The report was a light touch review as opposed to an in depth full audit report.
- There were a number of recommendations and suggestions which ARA would be happy to assist Officers with implementing such as training.

The Head of Audit Risk Assurance gave the following answers in response to questions asked:

- Paragraph 3.17 on page 69 of the reports pack stated that the Committee was not fully achieving its role. This was partially due to not having sight of the council's risk register and therefore not being able to challenge management and internal audit regarding those risks and the mitigations put in place.
- The follow up of the Risk Management Review due in quarter 4 would be based around the recommendations from this report.

Councillor Baker raised a question with second homes not being charged a premium and whether there was anything in place to stop people calling their empty properties second homes in order to get out of the fees. It was agreed to take this away to find out the answer.

Councillor Baxendale joined the meeting.

In response to Councillor Pearson, the Strategic Director of Resources agreed that the risk register was used as part of the performance monitoring meetings. He also confirmed that they were looking to procure a new system for risk management, one where Members would have access.

Councillor Baker proposed and Councillor Percy seconded.

The Chair made a friendly amendment to accept the report.

After being put to a vote, the Motion was carried unanimously.

RESOLVED To ACCEPT:

- a) **The progress against the Internal Audit Plan 2021/22; and**
- b) **The assurance opinions provided in relation to the effectiveness of the Council's control environment.**

ASC.057 Covid-19 Business Support Grants - Post-Payment Assurance Update

The Strategic Director of Resources introduced the report and explained that it was requested by the Committee for assurance of the work completed. He informed the Committee of the following updates:

- Across the 2 years the revenue and benefits team had distributed just under £46m to 17,000 business.
- There was a separate piece of work completed on the first 2 grant schemes (which were not included in this report) which were post payment assurance checks. These had been signed off by the Department for Business, Energy and Industrial Strategy (BEIS) as being sufficient.
- There were a number of minor query referrals reviewed and resolved internally.
- There were a number of different grants, which could be found in appendix A.
- There were further grants issued around December 2021 which were still going through post payment assurance checks.
- A few cases had been opened with the Counter Fraud Team.

The Strategic Director of Resources gave the following answers in response to questions asked:

- BEIS had confirmed that as long as Councils were completing the appropriate assurance checks then they would not expect to reclaim any fraudulent claims from councils.
- Any money recovered from fraudulent claims would be sent back to Central Government.
- If Councillors required it, a further report could be brought back to update the Committee with the continued work on assurance of the grants.

Councillor Pearson commended the Revenue and Benefits team for all of the work that they had completed over the last few years.

The Chair questioned whether the cost of the investigations would be reimbursed. The Strategic Director of Resource explained that although they would not be reimbursed for

the time spent on the investigations, they had received funding from Central Government to carry out the work surrounding the grant payments.

The Chair made a friendly amendment to accept the report.

After being put to a vote, the Motion was carried.

RESOLVED To ACCEPT to note the report.

ASC.058 Planning Enforcement Management Update

The Development Team Manager introduced the report and explained that it was an update following the audit report brought to committee in November 2021. The outcome of that report produced 5 high priority recommendations and 8 medium priority recommendations. Page 91 of the reports pack showed an overview of the progress and a brief summary on each recommendation. He drew the Committees attention to the challenges and successes of the project so far which included:

Successes

- A new Development Management Advisory Panel (D-MAP) had been established.
- A new draft revised planning enforcement policy and procedures.
- Ongoing IT system improvements
- Enforcement Team were now all affiliate members of the Royal Town and Planning Institute.
- A new training and development programme in review.

Challenges

- Difficult to recruit experienced members of staff.
- High turnover of staff and heavily reliant on agency staff.
- Staffing issues led to delay with the IT roll out.

The Development Team Manager further informed the committee of the upcoming work which included:

- Continued IT system improvements.
- Begin public consultation on the enforcement policy.
- Supporting staff with their development.
- Look into the resourcing of the department and complete a resource assessment.

In response to Councillor Pearson, the Head of Development Management explained that there was a national shortage of Planners and Enforcement Officers. She further explained that they required an experienced member of staff in order to train up the junior staff. They needed to complete a resource assessment to see what changes could be made to aid recruitment however, they had completed the review on the current advert for a senior Enforcement Officer which so far had still not generated any interest.

The Development Team Manager confirmed that as part of the Fit For the Future programme, they would be looking into corporate changes to pay in order to increase attractiveness as an employer.

In response to Councillor Percy, the Development Team Manager confirmed that he was the unofficial project manager for this project. He informed the Committee that he

had undergone an open university course on project management to develop the required skills.

Councillor Hurst questioned whether the IT system improvements would be able to address most of the issues and how did it differ from the previous one. The Head of Development Management explained that the new IT system would have a case management system which would allow Officers to monitor the progress of an enforcement case which previously could not be done. This would allow for greater communication between the complainant and the planning team and Officers would have a greater knowledge of what stage each case was at.

The following answers were given in response to Councillors questions:

- The discharge of a planning condition would lie with the Planner however the work around the compliance of a condition would fall to the enforcement team.
- Any condition imposed on a planning application would need to meet the required tests and would not be added unless it was necessary.
- The level of communication would be far better with the new system in place especially if they were the complainant.

Councillor Pearson proposed and Councillor Wilsher seconded.

After being put to a vote, the Motion was carried.

RESOLVED To ACCEPT the progress report.

ASC.059 Draft Internal Audit Plan 2022/23

The Head of Audit Risk Assurance (ARA) introduced the report and explained that the planning methodology had been enhanced to provide an analytically driven process which measured and compared risks more accurately.

Councillor Percy asked for clarification whether ARA would be completing all of the reviews on the audit plan or whether they would just focus on the higher risks. The Head of Audit Risk Assurance explained that the plan was flexible as the council's risk were always changing however, those were the identified risks of the council at that time and they would try to address as many as they could. It allowed for discussion with Officers to prioritise risks throughout the year and continually evaluate them.

Councillor Percy further questioned what would happen if they reached the end of the audit year and then didn't have the time to complete the risks currently allocated to quarter 4, of which most were high. The Head of Audit Risk Assurance explained that because they do annual planning for the year they needed a list of identified work to be completed prior to the audit year. However it was still a continuous piece of work which would grow and change as and when new risks were identified and some risks were resolved.

Councillor Pearson questioned whether Officers expenses needed to be identified as Councillors expenses were listed in quarter 2. The Strategic Director of Resources explained that the independent remuneration panel was currently undertaking a review of Councillors expenses which is why it had been identified.

Councillor Hurst proposed and Councillor Percy seconded.

After being put to a vote, the Motion was carried.

RESOLVED To:

- a) Note that the Draft Internal Audit Plan 2022/23 reflects the current risk profile of the Council; and
- b) Agree the Draft Internal Audit Plan 2022/23 as detailed in Appendix A.

ASC.060 To consider any risk management issues

There were no questions or comments raised.

ASC.061 To consider the Work Programme

The Chair requested that the following items be added to the work programme for July:

- Statement of Accounts.
- Annual Governance Statement.

ASC.062 Member Questions

There were none.

The meeting closed at 9.01 pm

Chair