



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

13 July 2021

7.00 - 9.25 pm

Council Chamber

Minutes

Membership

Councillor Nigel Studdert-Kennedy (Chair) **Councillor Martin Percy (Vice-Chair)**

Councillor Paula Baker

Councillor Norman Kay

Councillor Stephen Davies

Councillor Rich Wilsher

Councillor Nick Hurst

Councillor Chris Brine

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Councillor Keith Pearson

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*= Absent

Officers in Attendance

Strategic Director of Resources

Senior Auditor

Information Governance Officer

Principal Auditor

Head of Audit Risk Assurance

Senior Democratic Services and Elections Officer

Principal Accountant

Democratic Services and Elections Officer

Accountancy Manager

Interim Monitoring Officer

AC.001

APOLOGIES

Apologies for absence were received from Councillors Pearson and Brine

AC.002

DECLARATIONS OF INTEREST

There were none.

AC.003

MINUTES

RESOLVED

That the Minutes of the meeting held on 27 April 2021 are approved as a correct record.

AC.004

PUBLIC QUESTION TIME

There were none.

Audit and Standards Committee
13 July 2021

Subject to approval at
next meeting

AC.005 **INFORMATION GOVERNANCE FRAMEWORK**

The Information Governance Officer introduced the report and advised that following a GDPR audit carried out in 2019 a dedicated information officer responsible for governance had been hired. The accountability framework from the Information Commissioner Office (ICO) had been used to help set out the approach for the Policies included in the Information Governance Framework. It was also advised that they were working to embed the knowledge and use of the framework across the council using a team of information champions.

Councillor Hurst asked a question about the on-sale value of this report and whether the information was sourced from other councils. It was confirmed that there were a number of different policies available online however, finding one policy that was fit for purpose at Stroud was difficult.

Councillor Baker asked if there were plans to include compensation for serious data breaches. The Information Governance Officer advised that they were looking to review the complaints policy again to ensure it was aligned with other Council policies. With regards to compensation the legal team would provide advice based on the specific case at the time. In response to a further question, it was advised that a Data Breach Policy was included in Appendix D and that full investigations were carried out with any data breach to ensure it could be used as a learning exercise. It was also confirmed that a register of data breaches was maintained and updated.

In response to questions from Councillor Davies it was confirmed that the wording regarding confidentiality for email signatures had been reviewed and IT had been asked to implement this. The Information Governance Officer also advised that there had been approximately 5 data breaches that year and that 3 of the breaches had related to human error with an officer selecting the wrong email address when sending an email. They had therefore been trialling new software which would help to reduce the risk of this by warning the user of irregularities.

Councillor Kay questioned whether the records management policy was fit for purpose as it left decisions as to when and what records needed to be retained down to service managers which could allow some services to destroy some documentation which could be needed in the future. The Information Governance Officer responded by stating each service area had its own retention schedule which were being reviewed. The ICO did not stipulate how long you need to keep every single document and therefore it is left up to councils to decide how long they need to retain information. They also advised that they could look into this further to see if they could find any further guidance to assist managers. The Monitoring Officer advised that this was an operational decision and therefore the Information Governance Officer may not be able to provide any further guidance. Councillor Kay requested for his concerns with regards to data retention and record management to be recorded.

Councillor Percy requested reassurance on the level of resources available to deliver not only the initial training but continued training. The Information Governance Officer assured Members that she had support from the Strategic Leadership Team (SLT) and the Leadership Management Team (LMT) and each service area would have their own information governance champion. They were working with One Legal for a training package for each champion and quarterly meetings would be held going

forward to share information and ensure continuous learning. The staff hub would also be updated and any changes to policies could be reported through the intranet. All Officers were also asked to regularly undertake an online data protection course.

Councillor Hurst stated that Councillor Kay raised an interesting point regarding planning enforcement and the issues around data that is stored, in his opinion once a planning application had been implemented the data should always remain available. He also advised that it would be useful for Members to have further guidance on GDPR regulations and being a Councillor as it is sometimes hard to discern when someone is acting as a councillor.

Councillor Norman Kay expressed his unease with the proposals relating to record management keeping and advised that he did not feel he could support the recommendations because of this. The Monitoring Officer advised that if Members were uncertain regarding the Record Management Policy in Appendix B this could be removed from the suite of documents to allow officers more time to develop it.

Councillor Kay proposed that the record management policy be removed from the documents being adopted so it could be reviewed further. Members of the Committee were in agreement with this.

On being put to the vote, the Motion including the amendment above was carried unanimously.

RESOLVED To adopt the Information Governance Framework with the exception of the Records Management Policy which would be reviewed further.

AC.006 ANNUAL REPORT ON INTERNAL AUDIT ACTIVITY 2020/21

The Head of Audit Risk Assurance (ARA) introduced the report to the committee and advised that the work of the Internal Audit team had been in line with the requirements of the public sector internal auditing standards (PSIAS) and that despite the difficult and tumultuous year he was able to provide a satisfactory level of assurance.

Councillor Davies thanked Piyush for the report and referred to page 30 where he queried the global IT hardware shortage created by the pandemic and stated that we needed to be cautious of blaming Covid-19. He also asked for an update with regards the continual issues with procurement. The Strategic Director of Resources advised that there was a delay in the initial IT equipment arriving due to the shutdown of the manufacturing at the beginning of the last year. With regards to procurement it was confirmed that they were now relatively low risk issues, however they were now trying to ensure that they were moving towards 100% compliance. An action plan had been formed to build in improvements and later in the year a report would come back to Audit to confirm what actions had been taken.

In response to questions from Councillor Percy the Head of ARA confirmed that they would be reviewing the level of information provided in the summaries of the Audit reports. He also confirmed that the number of high priority recommendations detailed in Section (6e) was not dissimilar to other councils of a similar size and was what they would normally expect.

Councillor Wilsher asked whether there was a mechanism in place for ensuring the recommendations made were followed up. The Head of ARA stated that feedback from high risk recommendations is provided at Committee by way of follow up reports.

Councillor Hurst asked for clarification of the figures on page 85 of the report relating to attempted fraud to which Head of ARA clarified the figure was for the whole Council and not an individual sector.

Councillor Davies proposed and Councillor Baker seconded.

Councillor Davies asked the Committee to note that the ARA had been externally audited and had received a very high commendation referring to the quote on page 17.

On being put to the vote, the Motion was carried unanimously.

- RESOLVED**
- a) Assess, form the findings set out in this Internal Audit Annual Report, whether it can take reasonable assurance that the internal control environment, comprising risk management, control and governance is operating effectively;**
 - b) Note that the performance of Internal Audit meets the required standards; and**
 - c) Note the council wide counter fraud activity during 2020/21 which includes the fraud reporting requirements as mandated by the Local Government Transparency Code 2015.**

AC.007 **ANNUAL GOVERNANCE STATEMENT 2020/21**

The Head of Audit Risk Assurance presented the statement and explained there was a requirement for an annual review of the effectiveness of internal control and they were required to produce an Annual Governance Statement to accompany the Statement of Accounts.

In the absence of any questions or comments, Councillor Davies proposed and Councillor Percy Seconded.

On being put to the vote, the Motion was carried unanimously.

- RESOLVED**
- a) To review and approve the Annual Governance Statement and the actions planned by the Council to further enhance good governance arrangements; and**
 - b) Agree that an update on actions taken to address the governance issues identified will be provided to the February 2022 Audit and Standards Committee meeting.**

AC.008 **STATEMENT OF ACCOUNTS 2020/21**

The Principal Accountant presented the unaudited Statement of Accounts which had been signed off by the Section 151 Officer on the 1 July 2021. The audit of the accounts by Deloitte had begun on the 5 July 2021. The Principal Accountant brought

the Committees attention to the 4 main statements on page 150 (Para 3) and the Chief Financial Officer's Narrative Report in Appendix A and proceeded to highlight key figures throughout the appendix.

Councillor Davies asked whether the Council had been hugely adversely affected financially by Covid due to the support provided by Central Government. The Strategic Director of Resources confirmed that there had been an impact of approximately £4.1million and grant funding had been received of approximately £3.6million so the Council was in a relatively stable position however the impact on the medium term was still unknown.

Councillor Davies also asked for clarification on the collection fund smoothing, the Strategic Director of Resources advised that the government funding arrived in the last financial year however the collection fund balance won't unwind until the current financial year, so there is a mismatch.

Further questions were asked by Councillor Davies, Hurst and Percy, the following responses were provided by the Principal Accountant:

- The Council had not yet used any of the Brexit Reserve
- With regards the funds listed on page 210 at the end of March 2020 the Council had approx. £9million invested with a valuation on the 31 March 2021 of £8.7million a further £1million was invested during 2020/21 with a valuation of £9.867million at the end of March 2021. The latest valuation at the end of June 2021 was approximately £10.176million
- There are no available predictions yet with regards pension reserves for 2022.
- Last year they had been required to caveat all property valuations with a clause of material uncertainty they had therefore had almost all of the Council's properties revalued during 2020-21 to help provide more certainty.

Councillor Kay offered his thanks to the Finance Team for their care of the Councils resources and asked for this to be included in the decision. The Committee endorsed Councillor Kay's statement.

On being put to the vote, the Motion was carried.

RESOLVED To approve the unaudited Statement of Accounts for the year ending 31 March 2021 and recognise the hard work of the Finance Team.

AC.009 EXTERNAL AUDIT PLAN

The Strategic Director of Resources gave apologies for Deloitte who were unable to attend the meeting and advised the Committee that he would ensure that any questions would be passed to Deloitte for response outside of the meeting.

Councillor Percy asked a question regarding changes to accounting standards and whether this might impact or delay the audit. The Strategic Director of Resources confirmed that they look at new accounting standards as soon as they are released and they don't anticipate any impact on the Audit.

The Chair, Councillor Studdert-Kennedy, asked for confirmation on the timescales, the Strategic Director of Resources confirmed that he would contact Deloitte and circulate the response.

RESOLVED To note the update and draft planning report from External Auditors Deloitte.

AC.010 TREASURY MANAGEMENT

In presenting the above report, the Principal Accountant drew attention to several paragraphs and answered Members' questions which covered:-

- The Council was using reserves to internally borrow however this should not impinge on any other activity.
- The Property and Multi Asset funds are investments intended for the medium to long term, the treasury strategy sets limits for investments that can be more than 365 days.
- The strategy which was approved in February 2020 and 2021 includes provision for internal borrowing for the next 4-5 years but this would be revisited each year by the Committee.

On being put to the vote, the Motion was carried.

RESOLVED To approve treasury management activity annual report in 2020/21 and the actual Prudential Indicators

AC.011 PLANNING REVIEW

The Chair, Councillor Studdert-Kennedy, offered his thanks to the internal audit team who had put together the report. The Head of ARA introduced the report and advised that following the April Committee the Internal Audit Team was requested to undertake a review of planning enforcement. The Draft Terms of Reference had been prepared following in depth consultation with both Officers and Members, they needed to ensure that everyone who wanted to provide comments could do so. The focus of the Audit would be to look at the development of policy and procedure, Member oversight of the service and a review of the operational activities and processes.

Councillor Davies wanted to ensure that it was made explicit that the audit would include working with and consulting with Parish Councils to understand their view of our planning activity. Councillor Davies wanted the scope of the Audit to cover the performance of the Council in responding to Parish Councils. The Head of ARA confirmed that Parish Councils were consulted in the drafting of the terms of reference. It was also confirmed that the planning applications audit would report on the performance of the planning department in relation to its correspondence with Parish Councils. In terms of the planning enforcement audit they would look at the effectiveness of communications with regards to tracking important complaints and keeping interested parties informed. The Strategic Director of Resources confirmed that the communication issues Cllr Davies has referred to with Parish Councils would be looked at with regards the Audit and data would be provided as part of the Audit results. The Chair proposed that 'in particular with Parish Councils' was added to the penultimate bullet point in Para B in the terms of reference after 'Communication

processes'. This amendment was seconded by Councillor Davies and endorsed by the Committee.

On being put to the vote, the Motion was carried unanimously.

RESOLVED To note the verbal update and consider the draft terms of reference as amended in Appendix A.

- a) To consider the Work Programme for 2021/22

There were no questions or comments raised.

- b) To consider any risk management issues

The Strategic Director of Resources confirmed that they had asked ARA to review the risk management arrangements of the Council and work with the Committee about how they wish to be updated with this information. The Committee would be able to consider the recommendations from ARA at a future Committee.

AC.012 MEMBERS' QUESTIONS

There were none.

The meeting closed at 9.25 pm

Chair

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