



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

19 July 2022

8.00 - 9.56 pm

Council Chamber

Minutes

Membership

Councillor Nigel Studdert-Kennedy (Chair)

Councillor Paula Baker
 Councillor Stephen Davies
 Councillor Nick Hurst
 Councillor Norman Kay

*= Absent

Councillor Martin Percy (Vice-Chair)*

Councillor Keith Pearson
 Councillor Steve Robinson
 Councillor Rich Wilsher

Officers in Attendance

Strategic Director of Resources
 Head of Audit Risk Assurance
 Monitoring Officer
 Democratic Services & Elections Officer

Principal Accountant
 Principal Auditor
 Head of Service Counter Fraud and
 Enforcement Unit

ASC.001 Apologies

The Chair informed the committee that the meeting had been moved to a later start time due to the extreme heat forecasted.

Councillor Davies objected to the change of start time for the meeting.

Councillor Kay thanked the Officers for the delayed start time.

An apology for absence was received from Councillor Percy.

ASC.002 Declaration of Interests

There were none.

ASC.003 Minutes

Councillor Hurst identified an error on page 9 where turn over should read 'turnover'.

RESOLVED That the Minutes of the meeting held on 26 April were approved as a correct record.

ASC.004 **Public Question Time**

There were none.

ASC.005 **Corporate Risk Register Update**

The Strategic Director of Resources introduced the report and explained that the risk register had recently been overhauled and the controls had been rewritten. It would now be brought to every Audit and Standards Committee meeting. He provided a further updated them that 3 new strategic risks had been added to the risk register which included:

- High levels of inflation.
- Staff wellbeing and mental health.
- Cyber-attack.

The Strategic Director of Resources gave the following responses to questions from Councillors:

- The risks were graded by the Lead Officer who weighed up the significance of the risk against its likelihood.
- It was agreed that the risk management toolkit would be shared with Members outside of the meeting, which explained how risks were graded based on their probability and severity.
- There was a large amount of work underway with regard to the inflation risk. This involved modelling different rent levels for the Housing Committee and investigating the repairs and new build services to anticipate effects.
- The budget monitoring process would raise any additional costs caused by inflation. Currently the biggest change in cost was with the contractor Ubico due to the increase in the cost of fuel.
- The staff wellbeing and mental health risk was added due to the increased knowledge of staff wellbeing within the Council and its importance to the corporate priorities.

In response to Councillor Davies the Strategic Director of Resources confirmed that the new risk management system was currently being procured. They had a shortlist of contracts which were being assessed.

It was confirmed to the Chair that on page 22 the Covid Pandemic risk had been reviewed but the review date had not yet been updated.

The Chair, Councillor Studdert-Kennedy proposed and Councillor Pearson seconded.

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

RESOLVED To accept and note:

- a) The actions taken to update the Corporate Risk Register**
- b) The current Corporate Risk Register at appendix B**

ASC.006 COUNTER FRAUD AND ENFORCEMENT UNIT REPORT AND REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000 / INVESTIGATORY POWERS ACT (IPA) 2016 UPDATE

The Head of Service, Counter Fraud and Enforcement Unit (CFEU) introduced the report and explained that it consisted of an overview of the delivery from the service. She updated the committee on the following:

- They had changed their name to Counter Fraud and Enforcement Unit to further define their remit.
- Part 2 of the report explained the work completed with the Revenues and Benefits Team. This consisted of assisting with the National Fraud Initiative data matching exercises which included investigating anomalies with council tax accounts. The work had resulted in increased revenue of £38,000 which had increased to £46,500 since the report was written.
- Work with the Housing team with the Tenancy and Fraud referrals.
- Annual update regarding RIPA and IPA activities.

In response to Councillors questions, the Head of Service CFEU gave the following answers:

- Page 27 – The Civil Penalty for misrepresentation of single person occupancy was legally set at £70 however this fine would increase to £280 for multiple offences by the same individual. They would also seek to recover the lost income due to the misrepresentation.
- Page 28 referred to a centralised register of activity where all surveillance applications were recorded.
- Single person discount anomalies should continue to decline due to better management of the data. Benefit fraud had increased during the pandemic however there was also a rise in claims for universal credit.

Councillor Pearson raised a query whether it still stated on the Council Tax bills that it was an offence to claim single person discount if you no longer lived alone. The Head of Service CFEU agreed to look into this and ensure the information was prevalent enough and displayed the warning.

The Chair, Councillor Studdert-Kennedy proposed and Councillor Hurst seconded.

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

RESOLVED To welcome the report and comment as necessary.

ASC.007 Use of the Internet and Social Media in Investigations and Enforcement Policy

The Head of Service CFEU introduced the report and explained that this policy was for the use of social media and the internet for investigative purposes to ensure that staff were not considered to be undertaking surveillance without appropriate approval. She further informed the committee that there was a procedural document that went alongside this policy which dictated who was responsible for what and when it could be used.

In response to Councillor Kay, the Head of Service CFEU confirmed that this policy would cover all Officers within the Council and specifically those who were involved with

enforcement. She further confirmed that each time an investigation was launched and social media was used to investigate, it would first require the correct approval and then be recorded in the correct way.

The Monitoring Officer confirmed that there would be training for all Officers which would be rolled out following the adoption of this policy.

In response to Councillor Hurst, the Head of Service CFEU confirmed that she could include a monitoring report as part of the annual report to Audit and Standards Committee which reported on this policy.

Councillor Robinson shared concerns with the report and questioned whether it would record who had carried out the investigation and why. It was confirmed that it would record those details as well as who had authorised the investigation, but those records would be sealed for the duration of the investigation.

In response to Councillor Davies, the Head of Service CFEU confirmed that it was public information they would be accessing on social media and to access anything other than public information they would need to adhere to the related surveillance procedures and legislation.

Councillor Davies proposed and Councillor Kay seconded.

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

RESOLVED To:

- a) **Approve and adopt the Use of Internet and Social Media in Investigations and Enforcement Policy as attached at appendix 1;**
- b) **Authorise the Monitoring Officer to approve future minor amendments to the Policies in consultation with the Counter Fraud and Enforcement Unit.**

ASC.008 Treasury Management Outturn 2021/2022

The Principal Accountant introduced the report and explained that when the report was created the interest rate forecast was due to remain at 0.1% until the end of the year. In actuality it ended on 0.75% and had since further increased to 1.25%. He drew the committee's attention to the following key points:

- Page 42 of the reports pack showed the treasury activity table which provided an overview of the year. No borrowing had been repaid which was why it remained unchanged.
- Page 43 of the reports pack showed in detail the borrowing of the Council which extended out until 2066. There was a £2m loan due to be repaid in the current financial year.
- Page 44 of the reports pack showed the return on investments.
- Appendix A on Page 47 of the reports pack showed the short-term temporary investments.
- Page 49 of the reports pack detailed the longer-term investments.
- Page 55 of the reports pack provided an economic summary for the financial year which discussed the impacts of Covid 19, inflation, the war in Ukraine and the rising interest rates.

Councillor Hurst questioned the loan that was repayable and queried whether it was taken out on an interest only basis. The Principal Accountant confirmed that was correct. The interest was paid off throughout the duration of the loan and then the lump sum was to be repaid at the end of the term.

Councillor Davies questioned the increase of £11.7m shown on page 42. The Principal Accountant confirmed that they had a lot more available to invest at the time that it was recorded.

Councillor Wilsher proposed and Councillor Hurst seconded.

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

RECOMMEND To APPROVE the treasury management activity annual report TO COUNCIL for 2021/2022 and the actual Prudential Indicators.

ASC.009 Information Sheet - Planning Enforcement

Councillor Pearson raised a question with page 69 of the reports pack where it stated that 12 out of 30 complaints were compliant. The Head of Audit Risk Assurance confirmed that 12 of the complaints were compliant because they followed the correct processes.

In response to Councillor Davies the Head of Audit Risk Assurance confirmed that there was another report due to come to the Audit and Standards committee which would address the communication piece with Town and Parish Councils regarding planning and enforcement. This report was due to come to the September Committee.

Councillors debated at length the need for a Planning Officer to attend the meeting in order to answer any questions raised.

The Head of Audit Risk Assurance confirmed that there was a follow up piece of work around Planning Enforcement which was due to come to Audit Committee in the near future. The Strategic Director of Resources confirmed that there would be a Planning Officer attending the meeting in order to assist with the follow up report however, a date had not yet been set for the report to come to Committee.

ASC.010 Internal Audit Annual Report 2021/22

The Head of Audit Risk Assurance introduced the report and explained the salient points to the committee which included:

- Section 1 consisted of the introduction, background and requirements of the report.
- Section 2 showed the overall opinion which was acceptable (low to medium risk profile).
- Section 3 set out the code of ethics.
- Sections 4 and 5 provided the key messages from the work completed in 2021-2022 and included comments from the Counter Fraud Team.
- Section 6 concluded the report, the Audit Team had delivered 90% of the Internal Audit Plan against a target of 85%.

The Head of Audit Risk Assurance wished to extend his thanks to the Audit Risk Assurance team who had worked diligently throughout the year and for the support received from Members and Officers throughout the Council.

The Chair also offered thanks to the Audit Risk Assurance team for their work.

It was agreed to amend the decision box point a to read 'Confirms that it has received reasonable assurance...'

In response to Councillor Wilsher, the Strategic Director of Resources confirmed that there were risk management champions within each service area who were responsible for updating their services risk. The strategic risks were then assessed by the Strategic Leadership Team on a quarterly basis.

In response to Councillors the Strategic Director of Resources explained that the Annual Report consisted of the Head of Audit Risk Assurance overview and assessment of the councils' controls. The Annual Progress report was completed by external auditors to give an opinion if the Statement of Accounts was fair and true which is why it was more detailed.

Councillor Baker questioned the change in risk maturity level as shown on page 81 of the reports pack. The Head of Audit Risk Assurance confirmed that it was previously set by managers and this year had been set by an independent review.

Councillor Davies proposed and Councillor Baker seconded.

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

RESOLVED To:

- a) **Confirm that it has received 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 2021/22.**

ASC.011 Audit and Standards Committee Annual Report 2021/22

The Head of Audit Risk Assurance introduced the report and explained that this was the Chair of the committee's report. It had however been refreshed since last year which is why it looked a little different. He further explained that the report provided independent assurance that the Council as a whole had effective governance, risk management, internal control arrangements and an effective internal and external audit service.

Councillor Kay proposed and Councillor Davies seconded.

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

RESOLVED **To agree the Annual Report of the Chair of the Audit and Standards Committee 2021/22; and**

**RECCOMEND That the Annual Report 2021/22 be approved.
TO COUNCIL**

ASC.012 Annual Governance Statement 2021/22

The Head of Audit Risk Assurance introduced the report and explained the salient points of the report which included:

- Section 1 set out the legislative background.
- Section 2 set out the Code of Corporate Governance.
- Section 3 described how the council reviewed the effectiveness of its governance framework.
- Section 4 provided a brief update on governance issues reported in the previous financial year.
- Section 5 provided an opinion on the councils' governance arrangement which stated that they had maintained an appropriate governance framework.
- Section 6 detailed the risks the council needed to be aware of such as cyber resilience and financial resilience.
- Section 7 was the certification page which had since been signed by the Chief Executive and the Leader of the Council.
- Appendix A showed pictorial representation of the council's framework.

Councillor Robinson proposed and Councillor Baker seconded.

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

RESOLVED To:

- i. **Review and approve the Annual Governance Statement and the actions planned by the Council to further enhance good governance arrangements; and**
- ii. **Agree that an update on actions taken to address the governance issues identified will be provided the February 2023 Audit and Standards Committee meeting.**

ASC.013 Internal Audit Progress Report 2021/22

The Head of Audit Risk Assurance introduced the report and explained that there had been a number of audits completed since the last committee meeting. He then drew the committees attention to the following:

- Pages 126-127 of the reports pack contained charts which showed the overall assurance levels.
- Page 128 of the reports pack contained details of the additional audit work which was added to the Internal Audit Plan.
- Page 30 onwards of the reports pack contained the summaries, most of which were assurance work with 1 follow up item.

In response to Councillor Pearson's question on page 134 of the reports pack, the Strategic Director confirmed that out of the 14 recommendations only 6 had been fully implemented. He further explained this was due to several improvements being made to the service which changed the way the risk was managed effectively voiding the original recommendations.

Councillor Davies questioned the reports that had been cancelled on pages 143-144 and requested that it be amended to say deferred. The Principal Auditor explained that there had been additional pieces of work added to the plan which needed to be accommodated.

It was agreed for the Chair to discuss with the Head of Audit Risk Assurance and the Strategic Director of Resources to amend the terminology and come back to the committee.

Councillor Baker commended the work of the Green Homes Grant on page 139.

Councillor Davies proposed and Councillor Pearson seconded and commended the Audit Team.

Councillor Pearson commended the Audit Team.

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

RESOLVED To:

- i. The progress and final position on the Internal Audit Plan 2021/22; and**
- ii. The assurance opinions provided in relation to the effectiveness of the Council's control environment.**

ASC.014 To consider the Work Programme for 22 / 23

The Chair advised the issues that the Statement of accounts 2021/22 was missing from the work programme.

The Strategic Director of Resources confirmed that Audited Statement of Accounts would be brought to the November committee. He further confirmed that a Draft Statement of Accounts would be brought to the September Committee.

Councillor Davies raised the points earlier in the meeting that it was agreed to bring the Planning report on Town and Parish Council communication to the September committee.

ASC.015 Member Questions

There were none.

The meeting closed at 9.56 pm

Chair