



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

19 November 2019

7.00 pm – 8.53 pm

Council Chamber, Ebley Mill, Stroud

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Minutes

Membership:

Councillor Nigel Studdert-Kennedy (Chair)	P	Councillor Stephen Davies	P
Councillor Tom Williams (Vice-Chair)	P	Councillor Karen McKeown	P
Councillor Dorcas Binns	A	Councillor Keith Pearson	P
Councillor Miranda Clifton	P	Councillor Mark Reeves	A
Councillor Rachel Curley	P		

A = Absent P = Present

Officers present:

Interim Head of Legal Services and Monitoring Officer	Head of Audit Risk Assurance (ARA) (Chief Internal Auditor)
Strategic Director of Resources	Democratic Services & Elections Officer

AC.013

APOLOGIES

Apologies for absence had been received from Councillors Reeves and Binns.

AC.014

DECLARATIONS OF INTEREST

There were none.

AC.015

MINUTES

RESOLVED

That the Minutes of the meeting held on 8 October 2019, are approved as a correct record.

AC.016

PUBLIC QUESTION TIME

There were none.

AC.017

ANNUAL AUDIT LETTER

The Strategic Director of Resources introduced the Annual Audit Letter from Deloitte, he advised that the letter contained a summary of the information that had been provided to the Committee in July 2019 and that they were formally required to send this letter to Members. It was stated that the letter confirmed an unqualified opinion had been issued on the Statement of Accounts

and on Value for Money and that the Annual Governance Statement had been reviewed. Deloitte had advised that they were comfortable with their findings and therefore did not need to be at the Committee to present the item.

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

RESOLVED To note the Annual Audit Letter on the 2018/19 External Audit.

AC.018 REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND STANDARDS COMMITTEE – OUTCOMES AND ACTION PLAN

The Head of ARA advised that the report contained an action plan which had been put together based on the findings of the workshop that was held in June 2019, the workshop assessed the effectiveness of the Audit and Standards Committee against CIPFA guidance. It was advised that there were 6 actions which had arisen from the workshop, 2 of the actions were contained in separate reports, within the Agenda. The Head of ARA drew the Committees' attention to the remaining action points. The Head of ARA asked the Committee to consider the following:

- Should they look at promoting the Annual Governance Statement and good governance to other Committees?
- Should the Chief Executive be invited to attend an Audit and Standards Committee once a year?
- Would an assurance framework be needed to ensure that other Committees are performing their scrutiny function?
- Would they like to undertake the annual review of the effectiveness of the Audit and Standards Committee alongside other Audit Committees from ARA partner organisations?

The Head of ARA also advised that a training workshop had been arranged on Monday 16 and Tuesday 17 March 2020 to address Item 5 of the Action Plan.

Councillor McKeown asked whether consideration had been taken to have an interface between the Corporate Delivery Plan (CDP) and the Action Plan to ensure we are delivering what we have said we will deliver. The Head of ARA advised that all Audit Plans have to be aligned to the strategic objectives of the Council, she also advised that on 2 December 2019 there would be a risk based internal audit planning workshop with the Audit and Standards Committee that would look at where to focus the 2020/2021 audit activity, this would ensure that audit assurance work was aligned to the CDP. The Strategic Director of Resources confirmed that Audit Plans set out where the Internal Audit Team are directing their resources to ensure that the Council is delivering the objectives listed in the CDP. The Interim Head of Legal Services and Monitoring Officer also advised that updates on the CDP Performance are taken to the Strategy and Resources Committee and to Full Council and therefore all Members do have a full oversight of the performance of the CDP.

Councillor Davies asked if the training in March was going to be provided to all Committees or just the Audit and Standards Committee. The Head of ARA advised that at this time the training scheduled was only for the Audit and Standards Committee, as this particular training session has been devised specifically to support Audit and Standards Committee members in fulfilling their role, however she would discuss with the Strategic Director of Resources what further training could be considered for other Committees that would help promote good governance. The Strategic Director of Resources also advised that the training in March would be tailored specifically to the Audit and Standards Committee, he also confirmed that Audit and Standards was an assurance Committee not a scrutiny Committee and therefore it would be a good idea to provide training to all Committees on the function of scrutiny and good governance. Councillor Davies confirmed that he understood that the CIPFA training in March would not be the best training for other Committees.

Councillor Pearson asked which Audit and Standards Committee meeting the Chief Executive would be requested to attend. The Head of ARA advised that this had not been decided however put forward a suggestion of the July Committee as it would contain all the annual reports such as the Annual Governance Statement, Statement of Accounts and the Annual Report on Internal Audit. Councillor Studdert-Kennedy, the Chair, asked the Committee to consider whether the Chief Executive should attend the Audit and Standards Committee more than once a year. Councillor Davies stated that the July Committee would not be the most appropriate choice for the Chief Executive to attend as it is a very lengthy agenda and focuses on numbers and therefore perhaps she should attend the July Committee Meeting and one other. The Chair confirmed with the Committee that they were happy to let the Head of ARA and Strategic Director of Resources discuss this further outside of the Committee and come to a decision. He asked the Committee to note that they have the ability to invite the Chief Executive to attend meetings of the Audit and Standards Committee.

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

RESOLVED **To approve the action plan emanating from the effectiveness review and consider any further actions / training / developmental requirements to support them in their role.**

AC.019 **AUDIT AND STANDARDS COMMITTEE'S PROPOSED TERMS OF REFERENCE**

The Head of ARA advised that this report and recommendation was in response to the effectiveness review and was included within the Action Plan in Appendix 1 of Agenda Item 6, she also advised that the proposed Terms of Reference had been circulated to the Committee for comments previously and that she had taken on board all of the comments received.

Councillor Davies advised that the extra structure and discipline provided by the new Terms of Reference was useful and thanked the Officers for their work on this.

Councillor Williams queried the creation of a sub-committee over a Panel or Task and Finish Group. The Interim Head of Legal Services and Monitoring Officer advised that there was a place for working groups and a place for sub-committees and that he thought that the Standards Panel was carrying out a function but was not properly constituted. He advised he would be taking a report to Strategy and Resources Committee to recommend reinstating the Constitution Working Group who would be tasked with looking at this issue.

The Chair asked the Committee to consider how they could secure mandatory training of Councillors and co-opted Members on the Code of Conduct as mentioned in Appendix 1. Councillor McKeown advised that Group Leaders should be responsible for this. The Interim Head of Legal Services and Monitoring Officer advised that the only way to enforce mandatory training would be to include a requirement to attend mandatory training in the Code of Conduct. If Members did not attend the training it could be a breach of the Code of Conduct, however he advised that this could be considered heavy handed. Councillor Davies asked if the use of technology would assist and whether videos of the training could be issued and monitored to see if Members watched them.

Councillor Pearson queried the number of Members that would sit on the Standards sub-committee, he advised that 5 Members and 2 Independent Members would be too many for a disciplinary committee. Councillor McKeown confirmed that she shared Councillor Pearson's concerns regarding the number of Members on the sub-committee. The Interim Head of Legal Services and Monitoring Officer advised that the size of the sub-committee is based on making it politically balanced, however advised that he would look into this further and would provide clarification at Council as to the proposed size of the sub-committee.

On being put to the vote, the Motion was carried unanimously, on the understanding that the Interim Head of Legal Services and Monitoring Officer would provide further clarification on the size of the sub-committee at Council.

RESOLVED **To agree the revised Audit and Standards Committee’s Terms of Reference as set out in Appendix 1.**

RECOMMENDED **That the Audit and Standards Committee’s Terms of Reference are**
TO COUNCIL **approved**

AC.020 **APPOINTMENT OF AN INDEPENDENT MEMBER TO THE AUDIT AND STANDARDS COMMITTEE**

The Head of ARA advised that the new CIPFA guidance recommended that the Committee consider an appointment of an Independent Member to the Committee and advised that the rationale behind this was outlined in paragraph 1.6.

Councillor Davies queried whether the criteria around involvement in political activity would preclude someone from applying. The Interim Head of Legal Services and Monitoring Officer advised that it was a matter of degree.

Councillor Clifton asked if the disqualifying criteria listed in Appendix 2 as ‘A formal connection with any political group’ should also be listed in the job advertisement in Appendix 1. The Strategic Director of Resources advised that this was an error on the advertisement and would amend it accordingly.

Councillor Curley asked questions regarding the annual allowance for the Independent Member. The Head of ARA advised that the annual allowance had been benchmarked against other authorities and they had used the average allowance provided by other District Councils. She also advised that the term of 3 years had come about as 1 year was thought to be too short however advised that this could be looked at further if required. The Strategic Director of Resources advised that the Head of ARA had carried out benchmarking and that offering expenses in addition to the fee would be time consuming in terms of administration and therefore the decision for a flat fee that would cover the cost of expenses had been put forward. The Interim Head of Legal Services confirmed that an Independent Member could be re-appointed after their 3 year term.

Councillor McKeown asked whether any monitoring would be carried out on the Independent Member’s performance and if there would be any sanctions for not attending meetings. The Strategic Director of Resources advised that it would be up to the Committee to judge whether they are performing satisfactorily and that there would not be a formal appraisal process. The Interim Head of Legal Services and Monitoring Officer confirmed that as a co-opted member they would also have to follow the same Code of Conduct as elected Members and that if an Independent Member was not performing satisfactorily that they could be removed by the Committee. Councillor Pearson suggested that they pay the Independent Member for attendance at each Committee Meeting rather than in one lump sum. The Head of ARA advised that the performance of the Independent Member would form part of the overall annual review of the Effectiveness of the Audit and Standards Committee. She also confirmed that if no one applied for the position or if they did not find the right candidates they would review the approach again.

Councillor Pearson put forward his concerns with finding the right person with the technical skills to understand local government accounts. The Strategic Director of Resources confirmed that

they would be looking to appoint someone who has the right technical skills to help the Committee who would be able to hold Officers to account.

The Chair asked the Committee to consider the following:

- The exclusion of connections with the Council removes the opportunity of appointing former Councillors who have the correct skills; and
- Whether the Independent Member, who would be appointed to provide assurance, should be able to vote.

The Interim Head of Legal Services and Monitoring Officer advised that co-opted members who are not elected would not be able to vote at Committee Meetings.

Councillor Williams asked whether the 5-year exclusion only applied to people with an association to Stroud District Council or any Council. The Interim Head of Legal Services confirmed that this only covered any association with Stroud District Council.

Councillor Pearson asked whether the Committee would be able to make the decision as to which candidate to appoint as the Independent Member. The Strategic Director of Resources advised that Officers would run the recruitment process, however the Committee would be able to decide whether to appoint them.

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

- RESOLVED**
1. **To approve the principle of co-opting an Independent Person onto the Audit and Standards Committee on a non-voting basis.**
 2. **To approve the Independent Person specification, role advert and recruitment pack.**

- RECOMMENDED TO COUNCIL**
1. **That an Independent Member is co-opted on to the Audit and Standards Committee on a non-voting basis.**
 2. **The Person Specification, Role Advert and Recruitment pack are approved.**
 3. **That the appointment of the Independent Member is delegated to the Audit of Standards Committee.**
 4. **That the process for selecting and recommending an appropriate candidate is delegated to the Strategic Director of Resources in consultation with the Chair of Audit and Standards Committee.**

AC.021 HALF YEAR TREASURY MANAGEMENT ACTIVITY REPORT 2019/20

In presenting the above report, the Strategic Director of Resources referred to Table 1 which set out the average investments and average interest rate and Table 2 which set out the external borrowing position.

The Strategic Director of Resources thanked the Members that had been involved in the presentations for the investment options and advised that they hoped to make the decision as to where to invest in December.

Councillor Davies asked for confirmation that the report shouldn't show any improvement from our changing strategy as we had not yet made any investments. The Strategic Director of Resources confirmed that this was correct.

Councillor Curley thanked the Strategic Director of Resources for his and the teams work for steering them through such a robust and thorough process of finding a Multi Asset Fund.

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

RECOMMENDED TO COUNCIL **That Council approves the Treasury Management Activity Half Year Report for 2019/20.**

AC.022 **GDPR UPDATE**

The Interim Head of Legal Services and Monitoring Officer advised that the report provided background to GDPR and the number of breaches that the Council had had since GDPR came into effect in May 2018. He also advised that, as a result of a recommendation from a recent audit, all breaches are now being recorded whether actions are taken or not.

Councillor McKeown was concerned that not all the breaches had been included in the report. The Interim Head of Legal Services and Monitoring Officer advised that he was not able to comment on what had happened previously, but that he could give members assurance that all breaches are now recorded. He indicated that he could take members through the individual breaches, but that to avoid unwittingly breaching data protection requirements, the Committee could resolve to go into closed session based on Paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972 if required.

Councillor Curley asked if we had seen an increase in Subject Access Requests and if so was it creating any capacity issues. The Interim Head of Legal Services and Monitoring Officer advised that he was unaware of any significant increases but as there was not a centralised process for dealing with these requests and that, unfortunately without checking with the individual departments concerned he would be unable to confirm.

Councillor Pearson proposed a motion that the Committee enter into closed session under Paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972, this was seconded by Councillor McKeown.

On being put to the vote the Motion to enter a closed session was carried unanimously.

RESOLVED **That, pursuant to the provisions of Section 100 (A)(4) of the Local Government Act 1972, the public are excluded from the meeting during consideration of the matters detailed at Minute No. AC.022 on the grounds that it involved the likely disclosure of exempt information as defined in Paragraphs 2 and 3 of Part 1 of Schedule 12A of the Act.**

RESOLVED **To note the report.**

AC.023 **STANDING ITEMS**

(a) Work Programme

The Chair asked when the Revised Tenancy Fraud Policy would be coming to the Committee. The Strategic Director of Resources advised that he would need to check as the report would initially need to be taken to Housing Committee.

(b) Risk Management

Councillor McKeown confirmed that she had undertaken a procurement assessment and that the process had been robust with the exception of the level of exemptions which still sits at 20%. She advised that she had asked for further information on this. The Interim Head of Legal Services and Monitoring Officer confirmed that further information would be provided detailing the exemptions.

Councillor Davies advised that there was a new IT Strategy being developed and that it would be best to defer looking into it until the strategy had been developed.

Councillor Pearson stated that the Managing Director of UBICO had now taken the position as Chief Executive at Cheltenham Borough Council and that there was now better reporting. The Strategic Director of Resources confirmed that the Internal Audit of the Multi Service Contract was now underway and the report would come back to the Audit and Standards Committee.

The Head of ARA advised that there would be a Risk Based Audit Planning Workshop on 2 December 2019.

AC.024 **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 8.53 pm.

Chair