

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

18 June 2020

- * Councillor Nigel Manning (Chairman)
- * Councillor Deborah Seabrook (Vice-Chairman)

- * Councillor Liz Hogger
- * Councillor Ramsey Nagaty
- * Councillor George Potter
- * Councillor John Redpath
- * Councillor James Walsh

Independent Members:

- *Mrs Maria Angel MBE
- *Mr Murray Litvak

Parish Members:

- *Ms Julia Osborn
- *Mr Ian Symes
- *Mr Tim Wolfenden

*Present

The Leader of the Council, Councillor Caroline Reeves, the Deputy Leader of the Council, Councillor Joss Bigmore, and the Lead Councillor for Resources, Councillor Tim Anderson were also in attendance.

CGS1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

CGS2 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS3 MINUTES

The Committee confirmed as a correct record the minutes of the meeting held on 15 January 2020. The Chairman would sign the minutes at the earliest opportunity.

CGS4 ANNUAL REVIEW OF THE EQUALITY SCHEME ACTION PLAN

The Committee was reminded that following adoption of the Equality Scheme and associated action plan by the Executive in January 2018, it was agreed that this Committee should monitor annually the implementation of the actions in the action plan.

The Committee therefore considered the second of the annual reviews of the Equality Scheme Action Plan. A revised and updated Action Plan was attached to the Supplementary Information Sheet circulated before the meeting.

During the debate, the following points were raised/clarification made:

- In response to the reference in the action plan to the publication of residents' equality profile on the intranet, it was noted that councillors did not currently have access to the intranet. However, a great deal of relevant information was already on the public website, for example, the gender pay gap, workforce profile, and equality scheme.
- In response to an expression of general concern regarding access to services for residents other than by electronic means and the extent to which the Council is

communicating with residents via social media, the Committee noted that all service leaders monitor how the public accesses the Council's services.

- It was noted that the Equalities and Diversity Forum, would need to be reconvened. It was likely that it would include representatives of external equalities bodies.
- It was suggested that in order to improve diversity in recruitment, HR could consider the use of anonymised CVs where details of the applicant's gender, age, marital status, or ethnicity are not disclosed to the recruiter.
- It was noted that the Council monitored and analysed equalities data in respect of its workforce, which could also be made available on the intranet or the Councillors' area on the website.
- In response to an enquiry as to whether the Council had conducted an Equalities Impact Assessment (EIA) in respect of the provision and hosting of remote meetings during the COVID-19 pandemic, it was noted that an EIA had not been undertaken, although the government would have had regard to the public sector equality duty when it had introduced the Regulations providing for remote meetings.

Having considered the progress with implementation of the various actions, the Committee

RESOLVED: That the updated equality action plan (linked to the Equality Scheme 2018 - 2021), as set out in Appendix 1 to the report submitted to the Committee, as amended on the Supplementary Information Sheet, be approved.

Reason:

To assist the Council to meet its obligations under the Equality Act 2010 and continue to provide a way to measure and evidence work undertaken in this area.

CGS5 ANNUAL GOVERNANCE STATEMENT 2019-20

The Committee considered a report on the Council's Annual Governance Statement for 2019-20, as required by the Accounts and Audit (England) Regulations 2015. The Statement was underpinned by the Audit and Performance Manager's (as Head of Internal Audit) Annual Opinion Report April 2019 to March 2020, which was appended to the report.

The Statement set out the Council's governance framework and procedures that had operated at the Council during the year, a review of their effectiveness, significant governance issues that had occurred and a statement of assurance.

The Annual Governance Statement, which would be included in the Council's statement of accounts for 2019-20, had concluded that Guildford was a well-run Council with good governance processes in place. However, there had been a number of significant governance issues during the year, full details of which were reported in the Statement.

The 2019-20 Statement had also included details of progress on a number of governance issues that had been reported in the 2018-19 Annual Governance Statement. In addition, there had been a number of follow-up reviews from 2018-19, which were revisited in 2019-20, and progress on these was shown in the Annex to the Statement. The Committee noted a number of updates in respect of these reviews, which were set out in the Supplementary Information Sheet circulated before the meeting.

During the debate, the following points were raised/clarifications made:

- In response to a query as to why the Corporate Management Team (CMT) did not regularly monitor corporate KPIs, officers confirmed that all services produced service plans containing performance indicators, which were monitored at director level and

raised at CMT by exception. CMT would track and monitor key performance indicators on a regular basis moving forwards.

- In paragraph 2.9 of the Head of Internal Audit's Annual Opinion (Appendix 2), point 4. should read:

"a transformation programme Future Guildford which has delivered savings of £1.2m in the first phase".

- The last occasion on which the Citizens' Panel had been consulted was in relation to the new corporate plan priorities; the outcome of consultations with the Citizens' Panel was normally reported to the Executive.
- The main reason why deadlines had not been met in respect of some of the follow-up reviews from 2018-19 affecting finance and resources, had been due to delays in respect of the introduction of the Enterprise Resource Planning platform, which was due in April 2020, but had been delayed due to the COVID-19 crisis.

Having considered the report and the Annual Governance Statement set out in the Appendix thereto, the Committee

RESOLVED: That the Council's Annual Governance Statement for 2019-20 as set out in Appendix 1 to the report submitted to the Committee, be commended to the Executive for adoption at its meeting on 23 June 2020.

Reason:

To comply with the Accounts and Audit Regulations 2015, the Executive must prepare, approve, and publish an Annual Governance Statement.

**CGS6 AUDIT REPORT ON THE CERTIFICATION OF FINANCIAL CLAIMS AND RETURNS
2018-19: HOUSING BENEFIT SUBSIDY AND POOLING HOUSING CAPITAL
RECEIPTS**

The Committee considered an audit report on the certification of financial claims and returns for 2018-19.

The audit covered claims returns relating to expenditure of over £34.8 million, spanning Housing Benefit Subsidy worth £31.5 million and Pooling of Housing Capital Receipts worth £3.3m.

Although it had been necessary to qualify the Subsidy claim, the auditor had found a minimal number of errors with no new error types identified and minimal extrapolation.

The Committee was pleased to note that the Department for Work and Pensions had processed and settled the Council's audited claim without any amendments. Officers had provided assurance that the Council was continuing with its checking regime and looking for ways to reduce errors further.

In relation to the number of years a council had to be error free in order to avoid additional checks in the following year, it was noted that, following a change in process in 2018-19, there had to be no errors identified in the initial sample and in 40+ in respect of each error type found.

Having noted that the Pooling of Housing Capital Receipts audit also had no amendments, the Committee

RESOLVED: That the position regarding the certification of claims and returns for 2018-19 be noted.

Reason:

To formally sign off the claims and returns for 2018-19.

CGS7 EXTERNAL AUDIT PLAN 2019-20 AND FEE LETTER 2020-21

The Committee considered a report on the annual audit plan for 2019-20, which had been prepared by the Council's external auditors, Grant Thornton. The plan detailed the programme of work that Grant Thornton intended to carry out during 2019-20, the approach they would adopt and significant risks that they would review as part of the audit. The audit plan also detailed the parts of the audit and the fee that Grant Thornton would charge in respect of the external audit of the Council. The overall fee for the core audit of £44,300 which had been reported to this Committee on 13 June 2019, had not changed from 2018-19.

However, the Financial Reporting Council (FRC) had set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC had recently assumed responsibility for the inspection of local government audit, the regulator required that all audits must achieve a 2A (few improvements needed) rating. This had led to additional work being planned that had not been included in the fee letter presented to the Committee in June 2019. The Council had received a revised fee letter in February 2020 which was set out in Appendix 2 to the report. Appendix 2 also detailed the fees that would be incurred for the additional work in 2019-20 and a comparison with the final audit fees incurred in 2018-19. The revised fee for 2019-20 would be £54,050 for the core audit. A further fee of £25,000 was estimated for the audit of grant claims.

The Committee noted that Public Sector Audit Appointments (PSAA), had written to the Council to advise that the scale audit fee for 2020-21 would initially be set at £44,300 which was the same as the initial scale fee proposed for 2019-20. However, the letter made it clear that the Council could expect to receive a fee variation request from Grant Thornton to reflect the work required to undertake the audit at the Council based on the audit plan and risk assessment of our circumstances.

Having considered the report and noted that there was budget provision in the 2020-21 estimates for the audit fees and the fees for other services provided by Grant Thornton. the Committee

RESOLVED: That the external audit plan submitted by Grant Thornton, together with the external audit fee for 2020-21 set out on page 14 of Appendix 1 to the report (page 96 of the agenda), be approved.

Reason:

To enable the Committee to consider and comment on the planned audit fee.

CGS8 INTERNAL AUDIT PLAN 2020-21

The Committee considered a report on the Internal Audit Plan for 2020-21.

The Committee noted that, in 2018-19, the Council's internal audit function had been outsourced to KPMG. The Audit and Business Improvement Manager was the client-side officer and a multi skilled team within Audit and Business Improvement, who had both audit and business improvement experience, had been retained. The new structure had produced year-on-year savings of approximately £90,000 for a similar level of audit coverage, but with fewer oncosts.

The Committee noted that, in 2019-20, 29 audits had been completed, which represented 94% of the audit plan. The work carried out so far had shown that there was no indication of any material or significant issues arising.

In introducing the report, the Audit and Business Improvement Manager commented that in developing the Plan for 2020-21, the various high-risk factors associated with change brought about by the challenges of COVID-19, Future Guildford, financial pressures, and new ICT systems had meant that the Plan would need to focus on financial controls, asset controls, productivity, performance and outputs and delivery. The new ways of working introduced to respond to these challenges required a performance framework that provided the necessary assurance.

The internal audit team were continuing to carry out workshops and business re-engineering processes as part of Phase B of Future Guildford. This was an opportunity for the team to provide assurance that any new structure, system and process re-design included the right level of governance and control.

In considering this matter, the following points were raised/clarifications made:

- The reduction in the planned number of audit sessions was likely to reduce the contractor's fee
- It may be necessary to make changes to the Plan dependent on ongoing challenges and circumstances
- The Council had established a recovery group to assist the retail sector in the town as lockdown eased.
- The contract with KPMG had been extended as it was anticipated that the Audit and Business Improvement Manager would be leaving the Council next year and their continued engagement would provide the necessary continuity, flexibility and resilience
- In relation to audits completed in 2019-20, the Audit and Business Improvement Manager confirmed that the audit assurance rating of "No Assurance" had been given in respect of missing ICT assets, which had been identified in the financial reconciliation and found that security of the assets, stock control and records were insufficiently robust. The three findings of "Partial Assurance" related to data protection, housing voids/lettings and business continuity. All of these matters would be looked at again.
- In response to a question regarding the Council's protection against, and any penalties that could be imposed regarding, any major failure on the part of the Council's internal audit contractor, the Audit and Business Improvement Manager confirmed that the contractor was closely supervised and their work carefully checked and monitored and any failure on their part could be addressed through the contract

Having noted that the audit plan for 2020-21 had been structured to reflect the changing needs and priorities of the Council at the current time, the Committee

RESOLVED: That the internal audit plan for 2020-21, as set out in Appendix 1 to the report submitted to the Committee, be approved.

Reason:

To ensure an adequate level of audit coverage.

CGS9 REVIEW OF TASK GROUPS REPORTING TO THE COMMITTEE

The Committee noted that Council Procedure Rule 24 (v) required the appointing body to review annually, the continuation of task groups appointed by them. Although the Councillors' Development Steering Group had been set up originally as an Executive working group, it was agreed in 2015 that the Steering Group would report on its work to this Committee.

The Corporate Governance Task Group had been established by the Committee in November 2019 to review a number of corporate governance related matters and has met on four occasions.

The Committee considered a report which reviewed the work carried out by the Steering Group over the past twelve months, and the Task Group since it was established and the work they were likely to undertake over the next twelve months. The Committee was asked to agree that the two Groups should continue with their important work and that all five political groups should be represented on them.

Having considered the report, the Committee

RESOLVED:

- (1) That the Councillors' Development Steering Group should continue its work and that the numerical allocation of seats on the Steering Group to each political group be agreed as one member per group (plus a nominated deputy) as follows:

Cllr Richard Billington
Cllr Colin Cross
Cllr Angela Gunning
Cllr Pauline Searle
Cllr Catherine Young

- (2) That the Corporate Governance Task Group should continue its work and that the numerical allocation of seats on the task group to each political group be agreed as one member per group (plus a nominated deputy) as follows:

Cllr Liz Hogger
Cllr Nigel Manning
Cllr Ramsey Nagaty
Cllr Deborah Seabrook
Cllr James Walsh

- (3) That the membership of the Corporate Governance Task Group shall include a co-opted Independent Member, and a Parish Member of this Committee, namely Murray Litvak and Julia Osborn respectively.
- (4) That the terms of reference of the Corporate Governance Task Group be amended to include a review of anomalies within the Constitution.

Reasons:

- To recognise the important work that both groups undertake in respect of councillor training and development and reviewing various corporate governance related matters on behalf of this Committee.
- To comply with the requirement for this Committee to review the continuation of the Councillors' Development Steering Group and the Corporate Governance Task Group, in accordance with Council Procedure Rule 24 (v).

CGS10 WORK PROGRAMME

The Committee considered its updated 12 month rolling work programme and

RESOLVED: That the updated 12 month rolling work programme, as set out in Appendix 1 to the report submitted to the Committee, be approved, subject to

- (i) the deferral of the following items, which were scheduled for consideration at the next meeting on 30 July 2020, to the meeting on 24 September 2020:

- 2019-20 Audit Findings Report: Year ended 31 March 2020
- 2019-20 Audited Statement of Accounts

(ii) the deferral of the Freedom of Information Compliance Update report, which was scheduled for 30 July 2020 to January 2021 when the Annual Report for 2020 is due to be considered.

Reason:

To allow the Committee to maintain and update its work programme.

The meeting finished at 8.45 pm

Signed

Chairman

Date