

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

28 July 2022

- \* Councillor George Potter (Chairman)
- \* Councillor Deborah Seabrook (Vice-Chairman)

Councillor Liz Hogger  
\* Councillor Nigel Manning  
Councillor Susan Parker  
Councillor Tony Rooth  
Councillor James Walsh

## Independent Members:

Maria Angel MBE  
\* Murray Litvak

## Parish Members:

\* Julia Osborn  
\* Ian Symes  
Tim Wolfenden

\*Present

The Lead Councillor for Resources, Councillor Tim Anderson was also in attendance.  
The Leader of the Council, Councillor Joss Bigmore attended the meeting remotely

## **CGS11 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillors Susan Parker, Tony Rooth, and James Walsh and from Maria Angel MBE and Tim Wolfenden.

Councillor Ramsey Nagaty attended as a substitute for Councillor Susan Parker.

## **CGS12 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

## **CGS13 MINUTES**

The minutes of the meeting of the Committee held on 16 June 2022 were approved as a correct record.

The Chairman signed the minutes.

## **CGS14 DECISION AND ACTION TRACKER**

The Committee noted that the decision and action tracker had been introduced to monitor progress against the decisions and actions that the Committee had agreed, which would be kept up to date for each meeting. When decisions/actions were reported as being 'completed', the Committee would be asked to agree to remove these items from the tracker.

The Committee, having noted the updates set out on the Supplementary Information Sheet

RESOLVED: That the decision and action tracker be noted and that the actions reported as being completed be removed from the table.

## **CGS15 INTERNAL AUDIT PROGRESS REPORT (APRIL - JULY 2022)**

The Committee considered a report on progress made by the Council's internal audit manager (KPMG) on their internal audit plan for 2022-23 for the period April to July 2022, which included a summary of the work that they had concluded since the previous report to Committee and what they had planned to do ahead of the next. The report also reviewed the design and effectiveness

of performance monitoring arrangements through review of three environment-themed key performance indicators (KPIs) from the most recent performance report, 'Corporate Performance Reporting' considered by the Committee on 21 April 2022. These KPIs were as follows:

- ENV2 - Household Waste Recycled and Composted
- ENV3 - Number of fly tips:
- ENV4 - Number of outstanding statutory nuisance investigations

Overall, KPMG had provided a 'significant assurance with minor improvement' green-amber rating in this regard.

In debating this item, the Committee raised the following points:

- In response to a question as to how KPMG selected the three KPIs from the Council's large suite of KPIs and why were the three all from the Environment portfolio, KPMG noted that this was the third year consecutively of looking at performance monitoring as part of the head of internal audit opinion. One of the four key areas covered was data quality and it was felt that this was a sufficient way to do that. A different set of performance indicators was reviewed on each occasion. The scope of internal audit review involved a 'deep dive' into these performance indicators and undertaking a full and substantive audit testing around them. KPMG reviewed all the source data available to ensure that the reported performance figures were accurate, and they felt that having three KPIs in-scope was sufficient for that purpose.
- In response to a question as to what recommendations KPMG had made to the Council in respect on ENV4 to address the inability to provide the underlying data to support the most recently reported KPI figure, and also whether KPMG were able to find data for the number of statutory nuisance investigations considered as opposed to those that were actually outstanding, KPMG indicated that the amber coloured finding around the formal review of KPI data within the summary of key findings had recommended that the officers responsible for the outstanding nuisance investigations reviewed with IT the apparent system limitation which prevented them from providing the data. KPMG also confirmed that the purpose of ENV4 was specifically to report the number of outstanding statutory nuisance investigations not the number of completed investigations.
- Although not directly relevant to the ENV3 KPI, which only recorded the number of incidents of fly-tipping, it was suggested that there should be a report to councillors on the cost to the Council of clearing up fly-tips together with initiatives to prevent fly-tipping

The Committee

RESOLVED: That the Internal Audit Progress Report (April to July 2022), attached as Appendix 1 to the report submitted to the Committee, together with the key findings from the reviews undertaken since the last report to the Committee, be noted.

Reason:

To ensure good governance arrangements and internal control by undertaking an adequate level of audit coverage.

| <b>Action:</b>   | <b>Officer to action:</b>  |
|--|--|
| To consider how we can monitor, or report on, the cost to Council of clearing up incidents of fly-tipping possibly by way of a further review of the ENV3 metric | Policy Officer, Strategy & Resources/ Head of Operational & Technical Services |

## **CGS16 ANNUAL GOVERNANCE STATEMENT 2021-22**

The Committee considered a report on the Council's Annual Governance Statement (AGS) for 2021-22, as required by the Accounts and Audit (England) Regulations 2015. The Statement was underpinned by:

- the Annual Opinion Report (April 2021 to March 2022) prepared by KPMG, who were the Council's outsourced internal audit managers, which was considered by the Committee at its meeting held on 24 March 2022; and
- a self-assessment of the Council's compliance with the CIPFA financial management code which had been undertaken and reported at Appendix 2 to the report submitted to the Committee.

The draft AGS would be included in the Council's statement of accounts for 2021-22. The AGS acknowledged the ongoing significant challenges (both financial and organisational) placed on the Council due to the Covid 19 pandemic, and the major organisational transformation (Future Guildford) which was completed in August 2021. It recognised the need to return to the good governance practices and processes that the Council normally prided itself upon. The significant governance issues identified during the year, were reported in Appendix 1 section 6.

Where areas for further improvement had been identified, the necessary action would be taken to implement changes that would further develop and strengthen the Council's governance framework.

At its meeting on 21 July 2022, the Executive had been invited to comment on the AGS and make any recommendations, as appropriate, to this Committee. The Executive had commended the AGS for adoption by the Committee.

The Committee noted a number of minor corrections and updates to the draft AGS and the self-assessment, details of which were set out on the Supplementary Information Sheet circulated prior to the meeting.

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

- In relation to Progress on Governance Issues reported in the 2020-21 AGS and specifically the 13 follow-up reviews of audits which received partial assurance in 2020-21, which had not yet been fully implemented, the Director of Resources indicated that an update on these would be available at the next meeting of the Committee.
- The issue referenced in the 2020-21 AGS relating to the provision of a clear schedule of KPIs to be reported, including the need to improve the collection and quality of data and systems used to calculate some KPIs, was highlighted in the previous item (Internal Audit Progress Report).
- It was suggested that the table in section 3 of the AGS should include, as achievements by the Council, a uniform Code of Conduct for borough and parish councillors, and training for parish councillors notably on GDPR.
- The proposal to report benchmarking information to this Committee as part of the annual Value for Money report was welcomed.

Having considered the report, the Committee

**RESOLVED:**

- (1) That, subject to the deletion of the seventh bullet point in the table on page 40 of the agenda, the Committee adopts the Council's Annual Governance Statement for 2021-22,

as set out in Appendix 1 to the report, and publishes the Annual Governance Statement alongside the adopted statement of accounts for 2021-22.

- (2) That, subject to the corrections and updates referred to in the Supplementary Information Sheet, the Committee approves the self-assessment of the Council's compliance with the CIPFA financial management code reported at Appendix 2.

Reason:

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

| <b>Action:</b>   | <b>Officer to action:</b> |
|--|---------------------------|
| To provide an update on progress with the 13 follow-up reviews of audits which received partial assurance in 2020-21, which had not yet been fully implemented.  | Director of Resources     |
| To include reference in the table in section 3 of the AGS, as achievements by the Council, a uniform Code of Conduct for borough and parish councillors, and the provision of training for parish councillors notably on GDPR. | Director of Resources     |

## **CGS17    PROTOCOL FOR COMMERCIAL PRESENTATIONS TO COUNCILLORS**

The Committee noted that the Council often received approaches from external parties who were generally commercial developers wishing to present early development concepts to councillors as a type of consultation exercise. Such presentations were mutually beneficial and allowed councillors to understand proposals well before the pre-planning application phase. On occasion, the Council itself might be the developer or working in partnership with one of those parties. The Council's existing Probity in Planning Handbook was silent on the matter of commercial presentations.

As the Local Planning Authority, it was important for the Council to demonstrate full transparency regarding such presentations to both reassure the public there were no 'behind doors agreements' and to protect councillors with regard to probity and proper practice. It was also important that every presentation was organised and delivered in the same way so as to assure equality of opportunity to present by third parties. Helpfully, a protocol could also be shared with a developer so that the Council's requirements were clearly understood by all in advance.

Consequently, a draft protocol had been drawn up under the supervision of the Corporate Governance Task Group to set out how all requests from third parties could be received and organised. The draft protocol, as a member approved document, also provided guiding principles for officers and councillors to turn to when it was considered to be inappropriate for a commercial presentation to take place. A copy of the Protocol, as drafted by the Task Group, was attached as Appendix 1 to the report submitted for the Committee's consideration.

During the debate, it was noted that parish councils might wish to consider adopting a similar protocol should they be approached by developers to discuss informally early-stage development proposals.

The Committee felt that the protocol should be included as an annex to the Probity in Planning Handbook, which was itself presently under review by the Task Group. On completion of that review, the Handbook with the Protocol attached to it as an annex would be submitted ultimately to full Council for approval.

Having reviewed the draft Protocol, the Committee

RESOLVED: That the draft Protocol for Commercial Presentations to Councillors be endorsed and that it be included as an annex to the Probity in Planning Handbook for approval by Council.

Reason:

To provide guidance on how to deal with requests from external parties to make commercial presentations to councillors in respect of developments well in advance of the pre-planning application stage.

## **CGS18 WORK PROGRAMME**

The Committee considered its updated 12-month rolling work programme. In view of the long list of items scheduled for the 29 September meeting, the Chairman and Vice-Chairman had suggested that a special meeting of the Committee be convened on 6 October 2022 to deal with some of the business listed in the Work Programme for the September meeting.

Subject to the Committee's approval, it was suggested that the business to be dealt with at each meeting be as follows:

29 September 2022

Financial Monitoring 2022-23 Period 3 (April to July 2022)  
Capital and Investment Outturn Report 2021-22  
Revenue Outturn Report 2021-22  
Housing Revenue Account Final Accounts 2021-22  
Monitoring of S.106 Contributions  
Future of Internal Audit

6 October 2022

The Council's Constitution: Review and update of Financial Procedure Rules  
Data Protection and Information Security Update Report  
Freedom of Information Compliance update  
Councillor Training and Development Update

It was also suggested that the following items be added to the 17 November 2022 meeting:

- Annual Report of the work of the Corporate Governance & Standards Committee
- Interim report on progress with implementation of audit recommendations in relation to the audit review on Safeguarding which had been reported to the Committee in November 2021.

At its meeting in April 2022, the Committee had received an update report from Grant Thornton on progress with the external audit of the Council's 2020-21 statement of accounts. The Chairman had agreed to allow a further Audit Progress Report from Grant Thornton to be considered at this meeting, a copy of which had been appended to the Supplementary Information Sheet.

It was noted that the Council's audit of its statement of accounts for 2020-21 by Grant Thornton remained in progress. The audit planning process commenced in June 2021 which was later than anticipated due to the late sign off of the 2019-20 accounts in March 2021. The Council's production of the accounts for 2020-21 had been delayed beyond the statutory deadline of 31 July 2021. This had been due to a number of factors:

- (a) the late running of the previous year's audit, meant that the finance team had limited capacity to prepare for closure of the 2020-21 accounts
- (b) implementation of the new finance system during 2020-21 and the fact that it was the first year that the accounts has been closed on that system

- (c) turnover of staff within the finance team during 2020-21 meant that a number of staff in key roles were new to the Council shortly before the closedown process had commenced
- (d) the on-going impact of Covid and impact of remote working, particularly remote auditing

The Council had published its accounts for 2020-21 on 15 October 2021, and Grant Thornton had commenced their audit in December 2021. Whilst progress was being made, there were still a number of areas that were outstanding and therefore although the audit had recommenced in late June 2022 it had now been paused again to allow the finance team the capacity to continue with the production of the Council's accounts for 2021-22. It was intended to re-engage the audit from the week commencing 8 August 2022.

Although the statutory deadline for the production of the Council's 2021-22 accounts was 31 July 2022, the Council had set itself an internal deadline of 31 May 2022 to produce its accounts in anticipation of the statutory deadline returning to that date in future. Whilst the Council had made initial good progress with the closedown of its accounts and the production of the draft statement of accounts, it had not met the internal deadline. Due to the re-engagement of the audit in June, progress then slowed considerably. As a result, the Chief Finance Officer made a decision in mid-July to pause the 2020-21 audit and re-focus resource on the production of the 2021-22 accounts.

Significant effort was being made by the finance team to ensure that the accounts were completed by the deadline of 31 July 2022. It was still currently anticipated that the deadline would be met but there was a risk that publication of the accounts might slip into the first week of August 2022.

The Committee

RESOLVED:

- (1) That, subject to the above changes including the proposed additional meeting to be convened on 6 October 2022, the updated 12 month rolling work programme, as detailed in Appendix 1 to the report submitted to the Committee, be approved.
- (2) That the Audit Progress Report submitted by Grant Thornton be noted.

Reason:

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

| Action:  | Officer to action:                      |
|--|---|
| To convene an additional special meeting of the Committee on 6 October 2022. | Democratic Services & Elections Manager |

**CGS19 CLAIRE MORRIS - DIRECTOR OF RESOURCES**

The Chairman informed the Committee that this meeting was Claire Morris's last as Director of Resources and Chief Finance Officer, as she was leaving the Council on 29 July 2022 to take up a similar role at Mole Valley District Council.

On behalf of the Committee, the Chairman thanked Claire for everything she had done for this Council during her tenure over the past few years and wished her every success in the future.

The meeting finished at 7.55 pm

Signed .....

Date .....

Chairman