

## AUDIT AND GOVERNANCE COMMITTEE

Meeting: Thursday, 20th October, 2022  
at 2.00 pm. (Committee Room No. 4)

Present: Councillors Burns (Chairman), Assouad (Vice-Chair), Callister, McLeavy and Nott.

Officers Present: Susan Roberts (Director of Resources), Debbie Storr (Head of Legal and Governance & Monitoring Officer), Jamie Muir (Procurement Officer) and Katie Pepper (Democratic and Electoral Services Officer).

Also Present: Matt Derrick and Gareth Kelly from Grant Thornton.

### 12 Apologies for Absence

An apology for absence had been received from Councillor D Edwards.

### 13 Minutes

The Minutes of the meeting held on 28th July, 2022 were taken as read and confirmed.

### 14 Public Participation

RESOLVED:- To note that no questions, representations, deputations or petitions had been received in respect of the meeting.

### 15 Annual Audit and Statutory Recommendation Report

Gareth Kelly and Matt Derrick from Grant Thornton attended the meeting to present the Auditor's Annual report in relation to the financial year 2020-2021 along with the Statutory Recommendations Report.

They had concluded that there was significant weaknesses in relation to procurement and contract management and some improvements in financial sustainability had been identified.

They had made three statutory recommendations which had been considered alongside an improvement plan, by Full Council on the 18<sup>th</sup> October 2022.

The Statutory Recommendations Report stated that Internal Audit had highlighted several weaknesses over an extended period of time in its reviews of procurement and contract management on numerous service contracts, the Council had been slow to adequately respond to these issues.

The following recommendations had been made:-

#### Recommendation 1

To embed and enforce the Council's updated contract standing orders and procurement rules. Officers in all departments were expected to follow and fully evidence compliance with contract standing orders on all procured services.

The Council would ensure that regular refresher training was offered to procuring officers, the training video would be available on the intranet the procurements guidance and handbook would be regularly updated with any changes notified to all managers and updated on the Intranet. Spot checking of ordered goods and services made via the intranet to ensure the procurement rules were being followed and ongoing. Specialist training on the chest would be provided.

Responsible Officer - Procurement and Contract Lead

Due Date – Immediate

### Recommendation 2

To ensure members and officers had robust assurance and reporting arrangements in place, for managing all ongoing contracts to enable appropriate and timely action to remediate any non-compliance or wider deficiencies. As well as members receiving compliance assurance they needed to demonstrate timely action in holding officers to account for any non-compliance.

A schedule of significant contracts would be provided to the Overview and Scrutiny Committee. Overview and Scrutiny Committee would then select those contracts to be reported on through the committee cycle. Regular progress reports to Corporate Programme Board would highlight any issues on the contracts register and action would be determined. A report on the use of the new procurement exemption process would provide assurance to the Audit and Governance Committee.

Responsible Officer – Procurement and Contract Lead & Heads of Service

Due Date – December 2022

### Recommendation 3

To review the Councils escalation arrangements up to full council and Overview and Scrutiny Committee to ensure an adequate and timely response to address significant control environment weaknesses. Good governance arrangements were expected via Audit & Governance Committee to escalate ongoing significant matters to both Full Council and Overview and Scrutiny Committee, to demonstrate effective accountability and to drive timely improvements.

The Council would review the outstanding current and historic internal audit recommendations and establish the monitoring scope and reporting route with the chair of the Audit and Governance Committee. The arrangements for the Audit and Governance Committee to refer and escalate significant governance concerns would be updated.

Responsible Officer – Procurement and Contract Lead & Head of Legal and Governance.

**RESOLVED:-** To receive the Auditors Annual Report and Statutory Recommendations Report.

## **16 Audit and Governance Improvement Plan and Draft Annual Governance Statement**

The Head of Legal and Governance & Monitoring Officer reported that the Council had responsibility for ensuring that Council Business was conducted within the Law and proper standards, and that public money was safeguarded and properly accounted for.

Part of the Governance Process was the preparation and publication of an Annual Governance Statement which was a self-assessment of how effective they considered their governance arrangements to be. Recent Internal and external audit reports had led to specific improvement plans being drafted and these had been combined into the report as part of the overall review of Governance.

External auditors had made three statutory recommendations for the year ended 31 March 2021, which the Council had responded to. In addition, following the internal audit annual opinion, further recommendations were in the process of being addressed and it had been proposed that all actions arising from the improvement planning were combined into a single Audit and Governance Improvement Plan.

The draft Annual Governance Statement had been attached to the statement of accounts and had been updated for any comment and feedback from Members before being presented with the accounts for final sign off. The Council had assessed itself against the principles of good governance that were defined in the Local Code of Corporate Governance. The Annual Governance Statement had regard to internal and external audit concerns with regards to contracts and procurement and further reports would be presented to the Committee as appropriate.

Formal monitoring of the implementation of agreed Internal Audit recommendations were to be established. Recommendations would be implemented, outstanding, or overtaken by events. Monitoring would ensure that timely intervention could occur, and recommendations were acted upon. A reporting mechanism would be determined.

RESOLVED:-

1. To note the Audit and Governance Improvement Plan; and
2. To consider the draft Annual Governance Statement; and
3. To agree the proposals as set out in paragraph 3.4 for future reporting.

## **17 Work Plan 2022-2023**

The Director of Resources reported that the work plan set out the business of the Audit and Governance Committee to provide a forward plan and to demonstrate that the terms of reference were covered.

The work plan was presented to each Audit and Governance Committee meeting to provide a forward plan of business. The work plan was intended to demonstrate that the terms of reference were covered.

There were several items highlighted as changed in the report since the previous version of the Work Plan presented in July 2022;

- Items 1, 2 and 3 had been assigned to the Director of Resources in terms of presentation of reports at Committee.
- Item 4 had been moved to the December meeting; there were discussions with colleagues within the Local Government Reorganisation work stream that the Director of Resources intended to report to Committee for information. This report was usually entirely reflective but would instead present an update on the Council's Internal Audit service proposals heading into Westmorland and Furness Council.
- Item 6, the certification of grants had been moved to the December meeting as work on the Housing Benefit subsidy claim continued.
- Items 7 and 8 had been merged and Grant Thornton's report would be presented when published.
- Item 11 had been updated to reflect that the Council's standards arrangements remained in place but there would not be an annual review – a review would be carried out of any specific provision as needed.

The work plan had been attached as an appendix to the report.

RESOLVED:- To note the Work Plan for 2022-2023.

### **18 Borough and Parish/Town Councillor Registers of Disclosable Pecuniary Interests and Other Registrable Interests**

The Head of Legal and Governance & Monitoring Officer reported that under the Localism Act 2011 members were required to disclose those disclosable pecuniary interests as specified in regulations and any other interests which the Council should decide should be registered in the interests form.

The Borough Council resolved on 17 July 2012 to adopt the other registrable interests as detailed in the register of interests form, and the Monitoring Officer was required to maintain the register and ensure that it was available for inspection, as required by the Act, which also included being available on the Council's website. When looking at Councillors' details on the website there were links to the register of interests form, and to those of the Parish/Town Councillors.

Other Registrable Interests were updated in January 2022 to include "unpaid directorships" following revisions to the code of conduct as a result of a review of the Council's standards arrangements and consideration of a new code which was also adopted in January 2022. Following adoption members were asked by email on 1 February to ensure that any unpaid directorships were registered.

All Members had been asked to confirm that their registers of interests were up to date. This had included updating registers where Members were elected to the new Westmorland and Furness Council following elections to the new authority in May 2022. Further emails were sent to all Members including on 9 June 2022, 9 September 2022 and 27th September 2022 to ensure that their interests forms were up to date to reflect any changes.

Co-optees on the Housing Forum had also completed their interests forms, and the Monitoring Officer was maintaining a register of interests for those members sitting on the Brilliant Barrow Board and those members had also been asked to confirm that their registers were up to date.

There were no issues raised as a result of the review. It was indicated that a further email would be circulated to those members who were yet to respond to complete the return.

RESOLVED:- To note the review of the register of interests.

## **19 Employee Register of Gifts and Hospitality**

The Head of Legal and Governance & Monitoring Officer reported that the Officer's code of conduct for Barrow Borough Council Employees provided guidance on interests and gifts and hospitality. The Council had Hospitality Guidance which provided information as to how employees should treat any offers of gifts and hospitality. There was a standard corporate form and offers of hospitality that were declined should also be included in any declarations. An update of declarations was provided at the meeting.

The review had concluded that there had been no substantial interests declared, none of the items on the register appeared to be of significant value therefore it was not against the policy for officers to accept.

RESOLVED:- To note the review of the employee register of gifts and hospitality.

## **20 Report on Compliments, Customer Feedback and Complaints received during 2021/22**

The Head of Legal and Governance & Monitoring Officer reported that it had been agreed at the Audit and Governance Committee held on 1st October 2020 that regular reports would be presented on compliments, customer feedback and complaints. All complaints and compliments were managed and recorded by the Democratic Services Team.

The report presented an update for the period April, 2021 to March, 2022. During the last municipal year there had been 57 stage 1 complaints received compared to 43 in the previous financial year and 12 appeal stage complaints received compared to 8 in the previous financial year. The reasons for the complaints were wide and varied and there was no underlying trend in those two years. The Appendix showed the complaints received by service area for both Stage one and Appeal Stage complaints.

In terms of response times 64% of complaints received were answered within the 10 working day target for stage 1 complaints. The team would continue to work with Officers to increase the percentage against the target at stage 1.

The appendix to the report also showed a more detailed breakdown of the stage 1 complaints by Department and also by complaint category. The data collated was useful to identify trends and assist with service improvements. No underlying trends had been identified during 2021/22.

During the reporting period 35 compliments were received and noted corporately.

The Committee asked if the information on complaints be included in the Service report being taken to the next Overview and Scrutiny Committee.

RESOLVED:- To note the Compliments, Customer Feedback and Complaints report.

## **21 Local Government Ombudsman Annual Report 2021/22**

The Head of Legal and Governance & Monitoring Officer reported that attached to the report Members would find a copy of the Local Government Ombudsman Annual Review letter 2021/22. The outcomes of the complaints received had been broken down into total numbers received, complaints decided to undertake an investigation and the number upheld.

During the reporting period 50% of the complaints that the Local Government Ombudsman investigated were upheld, this compared to an average of 51% in similar organisations. One decision was upheld and the statistics had been based on a total of 2 investigations for the period between 1st April 2021 and 31st March 2022.

For 2021/22 one compliance outcome with Ombudsman recommendations was made for the period 1 April 2021 to 31 March 2022. The compliance with the Ombudsman recommendations rate for this period was reported as 100%. The annual review findings were also available on the Local Government Ombudsman website.

The Council operated a two stage complaints process before matters were referred to the LGO.

RESOLVED:- To note the Local Government Ombudsman Annual Report 2021/22.

## **22 Risk Management**

The Director of Resources reported that the Council's risk management policy was due to be reviewed in September 2022; the risk registers were reviewed quarterly, and those activities were presented to the Audit and Governance Committee.

External expertise had been engaged by the Council to review the policy, the format of the risk register to align to current best practice, and to provide tailored training.

The risk registers had been circulated wider to the officers on the Corporate Programme Board for review; this Board received major/significant projects, contracts, and procurement matters.

The Senior Management Team had requested that the Corporate Programme Board consider that any risk updates reflected the Board's business or terms of reference.

The Auditor's Annual Report highlighted risk management as an area for improvement and outlined aspects of the risk register to expand – direction of travel, target risk score, future actions required, sources of risk and assurance, and dates of the last and next review.

The current risk register format would be reviewed and the processes strengthened to recognise and monitor risks.

To illustrate the benefit of expanding the content of the register - the Council held separate risk registers for the major funding programmes, such as Town Deal. Risks were recognised at both project level and programme level. The delivery of major funding programmes was a corporate risk and referencing the Town Deal risk register as a source brought assurance into a single repository that would ensure a consistent approach/appetite across the Council.

The outcome of the review would be reported to the Executive Committee for approval and to the Audit and Governance Committee to provide assurance to those charged with governance.

RESOLVED:- To note the update in respect of the Council's risk management arrangements.

### **23 Internal Audit Final Report**

The Director of Resources reported that Internal Audit had performed audits in accordance with the approved Annual Plan which was based on a risk assessment of the internal control environment. The final reports completed since the previous meeting were presented to the Committee for consideration.

There had been one final report appended for consideration, as follows:-

Housing Benefits, 22-02 – Substantial Assurance

The report contained one minor issue and one important issue.

All recommendations had been accepted by management unless otherwise stated.

RESOLVED:- To note the Internal Audit Final report.

### **24 Internal Audit Progress Report**

The Director of Resources presented the Internal Audit Progress Report for the period 1st April, 2022 to 7<sup>th</sup> October, 2022.

The report contained a statistical summary of the number of audit recommendations made up to 7<sup>th</sup> October, 2022.

There were seven draft contract audits in issue and auditees should be advised that these had been expected to be completed for presentation at the December Audit and Governance Committee meeting. There were four other audit reports issued in draft and again, those would be finalised for presentation at the December meeting.

The Director of Resources was now copied into all draft reports being issued to ensure timely management responses are provided.

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It had been noted that 64 recommendations had been fully accepted and 10 recommendation partly accepted. Each of the recommendations had been assigned a Priority Grade 1-3, 1 being major issues and 3 being minor issues. 41 had been rated Priority 2 and 28 had been rated Priority 1.

RESOLVED:- To note the Internal Audit Annual Progress Report.

The meeting closed at 3.05 pm.