



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 15th November 2021

PRESENT : Cllrs. Wilson (Chair), Evans, Pullen, A. Chambers and Dee

Others in Attendance

Head of Policy and Resources

Financial Services Manager

Head of Audit, Risk and Assurance (ARA)

Internal Auditor

Democratic and Electoral Services Officer

Also in attendance

Councillor H.Norman (Ex-Officio)

APOLOGIES : Cllrs. Brooker, Bowkett, Patel, Durdey and Melvin

21. DECLARATIONS OF INTEREST

21.1 There were no declarations of interest.

22. MINUTES

22.1 The Chair asked whether the outstanding issues from the Year End accounts had been resolved. The Financial Services Manager replied that the current goal was to get the Year End accounts signed off by the 17th of December. The Head of Policy and Resources added that whilst Gloucester City Council were beyond the deadline, some Councils had not begun their Audit yet. Therefore, they were ahead of numerous other Councils in that respect.

22.2 The minutes of the meeting held on 13 September 2021 were signed by the Chair as a correct record.

23. PUBLIC QUESTION TIME (15 MINUTES)

23.1 There were no public questions.

24. PETITIONS AND DEPUTATIONS (15 MINUTES)

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24.1 There were no petitions nor deputations.

25. TREASURY MANAGEMENT PERFORMANCE 2021/22 SIX MONTHLY UPDATE

25.1 The Financial Services Manager presented the report. He informed members that the bank rate remained at 0.1%, which meant that investment returns were expected to remain low, as highlighted in paragraph 3.2 of the report.

25.2 The Chair questioned whether CCLA covered all of the core cash balances for investment purposes by the Council. The Financial Services Manager replied that this was not the case. The Head of Policy and Resources added that the Council had made two investments, £5 million in Property Fund and £5 million Diversified Income Fund. He stated that these investments were with the CCLA. The return was significantly higher than it would have been if the investments were in short term cash balances.

25.3 The Chair questioned whether there was a risk with these investments. The Head of Policy and Resources responded that there was a level of risk with any investment. He added, however, that the risk was diversified.

25.4 The Chair noted that it was an encouraging report.

25.5 **RESOLVED that:-** The Audit and Governance Committee **NOTE** the report.

26. VERBAL UPDATE ON ARA WORKING AND REPORTING'

26.1 The Head of Audit, Risk and Assurance (ARA) provided a verbal update. He stated that they would make the Audit process more automated. He said that the result of this would be that the Audit process would be more analytical, and therefore, they could measure and take stock of risk. He said that the Committee would see that that future internal audit plans would look different and would be easier to follow. He stated that the format of the reports brought before the Committee and Council would be different. He said that they would be more concise, more dynamic and would better highlight areas that needed dealing with.

26.2 The Chair summarised that from January 2022 onwards, the Internal Audit would be easier to read and follow. He added that he believed that more recent reports had been easier to follow and hoped to see this trend continue. He said that, in essence, the most critical aspect was that the Audit and Governance Committee needed to be reassured that the governance structure was working and that issues were being flagged up.

26.3 **RESOLVED that:-** the Audit and Governance Committee **NOTE** the verbal update.

27. INTERNAL AUDIT ACTIVITY 2021/22 - PROGRESS REPORT

27.1 The Head of Audit, Risk and Assurance (ARA) presented the report, the purpose of which was to inform Members of the Internal Audit activity progress concerning the approved Internal Audit Plan 2021/22.

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- 27.2 Councillor Pullen pointed to page 36 of the Council Agenda pack. He noted that the report stated that 'formal training for staff and Councillors on preventing data breaches, breach reporting and managing data breaches is not currently in place'. He stated that he had concerns about this.
- 27.3 The Internal Auditor stated that he agreed that it was important to raise awareness in regard to Data Breaches. He stated that he would co-ordinate with the S151 Officer and the I.T team to provide training and to update the Code of Conduct, which could be brought back to the Committee.
- 27.4 Councillor Norman stated that when GDPR was first introduced, there was a session on it, and it was her belief that training on GDPR was included in an induction session for new members. She stated that members received a large amount of training as part of their induction and suggested that a concise document outlining the do's and do nots regarding GDPR could be circulated to members as a useful reminder, so that they had a copy of it.
- 27.5 The Head of Policy and Resources added that Officers currently received online training and that it was his understanding that this may be rolled out to members. He stated that an officer from OneLegal would be attending team meetings from each service team to ensure that officers were aware of how to remain GDPR compliant.
- 27.6 The Chair stated that ensuring that all members were GDPR compliant was something that needed to be looked at. He said that often, casework requests came from Gmail accounts, and that the email signature present at the bottom of every email from a City Council employee when using a laptop, was not always there. Councillor Norman suggested that the Democratic and Electoral Services Team and the IT department could circulate around instructions and the text that should be present as an email signature so that members could manually add the correct email signature to emails sent via phone.
- 27.7 Regarding procurement cards, the Chair noted that there was potential for £11,000 to be reclaimed by the Council if the Council reclaimed VAT. He asked for clarity as to how the procurement cards worked and why VAT had not been being reclaimed.
- 27.8 The Financial Services Manager stated that the Council did not require individuals to provide receipts for every purchase on a procurement card and that unfortunately, there was not the level of staff resource available to check whether every receipt had VAT on it. Therefore, they did not claim back VAT on smaller expenditures.
- 27.9 The Chair questioned whether, if VAT was claimed on procurement card purchases whether the Council could claim up to £30-40,000 in VAT if they went back through a few years of purchases.
- 27.10 The Head of Policy and Resources stated that the majority of procurement purchases were on temporary accommodation and that the Council claimed

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VAT back on those purchases. He stated that it was only on the smaller transactions where the receipts were not checked. He stated that the cost to put an officer in place to look at smaller transactions would be more costly than the current course of action. He stated that the key was that all procurement for temporary accommodation was claimed back as that was what the majority of procurement funding was spent on.

27.11 The Chair questioned whether the process could be automated. The Financial Services Manager responded that it could be automated to a certain extent. However, it would still require someone to physically check every receipt, which caused the resource pressure.

27.12 Councillor A.Chambers asked whether the Council could consider employing a kick starter to look at smaller invoices. The Head of Policy and Resources stated that they could investigate this.

27.13 **RESOLVED that:-** the Audit and Governance Committee:

- (1) Accept the progress against the Internal Audit Plan 2021/22; and
- (2) Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment (comprising risk management, control and governance arrangements).

28. EXCLUSION OF THE PRESS AND PUBLIC

28.1 The Chair resolved to exclude the press and public from the meeting during discussion of the item on the grounds that if the press and public were present during consideration of the item there would be disclosure to them exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended.

28.2 **RESOLVED that:-** the press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of this item there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended.

29. AUDIT ACTIVITY: IT DISASTER RECOVERY AND BUSINESS CONTINUITY

29.1 **RESOLVED that:-** the Audit and Governance Committee **NOTE** the update as per the exempt minutes.

30. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

30.1 The Chair noted that the 'Community Infrastructure Levy (CIL) and Section 106' activity was still listed as planned. He questioned whether there was

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any update on it. The Internal Auditor responded that it was still in the planned phase, but that a lot of background work had gone into it.

30.2 The Head of Policy and Resources noted than an additional item for the Appointment of External Auditors could be added for the meeting of the Audit and Governance Committee in January 2022.

30.3 **RESOLVED that:-** the Audit and Governance Committee **NOTE** the work programme.

31. DATE OF NEXT MEETING

Monday the 17th January 2021 at 6.30pm in the Civic Suite, North Warehouse.

Time of commencement: 6.30 pm hours

Time of conclusion: 7.10 pm hours

Chair