

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

**5TH MARCH 2020, AT 6.00 P.M.**

PRESENT: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), S. J. Baxter, A. J. B. Beaumont, J. E. King, A. D. Kriss, C. J. Spencer and K. J. Van Der Plank

Observers: Mr. Jackson Murray, Mr. Neil A. Preece (Grant Thornton) and Councillor G. N. Denaro

Officers: Mr. A. Bromage, Ms. J. Pickering and Mrs. J Gresham

42/19 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received from Parish Councillor J. Cypher. Councillor P. Whittaker arrived at 6.10pm.

43/19 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any whipping arrangements.

44/19 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 23RD JANUARY 2020**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 23<sup>rd</sup> January 2020 were submitted.

**RESOLVED** that the minutes of the Audit, Standards and Governance Committee meeting held on 23<sup>rd</sup> January 2020 be approved as a correct record.

45/19 **STANDARDS REGIME - MONITORING OFFICERS' REPORT**

The Executive Director, Finance and Resources presented the report and in doing so drew Members' attention to the report, detailing that there had been a number of complaints at District level regarding the use of social media. It was stated that the Independent Member would be attending a future meeting in order to make recommendations regarding training for Members.

Both the Member Development Steering Group and the Constitution Review Working Group continued to meet regularly.

In January 2020 there was a Code of Conduct training session which was attended by both Bromsgrove and Redditch Members.

The Constitution Review Working Group continued to make constructive changes to the constitution including the timing of questions and motions for full Council.

**RESOLVED** that the Monitoring Officer's report, be noted.

46/19

### **ANNUAL REPORT**

The Chairman presented the report to Members and explained to the Committee that it had been requested that the annual report for Audit, Standards and Governance be more detailed than in previous years. He thanked the Democratic Services Officer for producing a more substantial report.

The Chairman reiterated the thanks from the foreword in the report including the work of Risk Champion, Councillor K. Van Der Plank, in her work with Heads of Service. He also thanked officers and the internal and external auditors for all of their hard work throughout the municipal year.

**RESOLVED** that the draft annual report for the Audit, Standards and Governance Committee be noted and presented at Council as a final version.

7/19

### **GRANT THORNTON AUDIT PLAN 2019/20**

The Chairman welcomed Mr. Jackson Murray as the new Engagement Lead for Grant Thornton. The Audit Plan 2019/20 was presented by which set out the work that Grant Thornton planned to undertake including the understanding of the organisational operations of the Council and any associated risks. It also detailed how Grant Thornton would carry out the financial statements and provide a Value for Money conclusion.

Members' attention was drawn to page 19 of the main agenda pack, which detailed the Significant Risks to the Council. These risks included the value of the pension fund liability and the valuation of land and buildings and the concept of materiality when undertaking the audit.

The Committee was informed that there were key matters that might impact on the audit including Brexit and Coronavirus. He also explained the Financial Reporting Council (FRC) was challenging audit firms to raise the bar on financial reporting which meant auditors having to undertake more work when carrying out an audit.

Members raised several questions regarding the report asking whether the increased work for auditors meant an increase in fees for the Authority. Grant Thornton drew Members' attention to page 29 of the appendix and explained that the majority of work set out in the table included any proposed variations or fee changes once the new audit recommendations are in place. Members also questioned whether the Council was meeting the requirements expected by an audit in order to keep the possibilities of fees changes to a minimum. The Committee was informed that there were difficulties in the previous year and lessons were learnt regarding information provided from the outset and therefore this year's preparation was going very well. It was clarified to Members that there would be opportunities to flag to officers if there was likely to be a budget change during the audit process and there could be a pause in the audit rather than build up additional hours at an extra cost to the Council.

Members questioned whether the systems at Bromsgrove District Council were too complicated. The Executive Director of Finance and Resources stated that there had been changes made in the team and, along with the introduction of the new Enterprise Resource Planning system, would guarantee that there was greater capacity and capability in the team. It was confirmed that the team prepared a prescribed set of accounts and that they were complicated and that hopefully the Redmond report (included in the report for agenda item 7) would provide some conclusion that the prescribed accounts were too complicated and make recommendations to make them simpler.

Members thanked Mr. Murray for providing a comprehensive report.

**RESOLVED** that the Audit Opinion Plan 2019/20 be noted.

48/19

**GRANT THORNTON - SECTOR REPORT AND AUDIT PROGRESS UPDATE**

The Engagement Manager, Grant Thornton presented a refreshed sector update report which was presented at the previous meeting.

Members' attention was drawn to page 42 of the main agenda pack, which detailed the information on key issues and informed Members that progress was on track. He also discussed that there had been training provided to Finance Officers in February 2020. Members asked whether there would be an opportunity for Members to receive training. The Executive Director of Finance and Resources agreed to disseminate training information to Committee Members.

**RESOLVED** that the Grant Thornton – Sector report and audit progress update be noted.

49/19

**GRANT THORNTON - INFORMING THE RISK ASSESSMENT**

The Committee were presented with the Grant Thornton - Informing the Risk Assessment report by the Engagement Manager, Grant Thornton. The purpose of this report was to contribute to the understanding of how the Council worked in order to carry out an effective risk assessment. This process was useful as it enabled the auditor to make rebuttals should the situation arise as they know how the Council's processes worked.

It was confirmed that the answers to the questions posed to the Council's management by Grant Thornton were as expected.

The Chairman thanked Grant Thornton and stated that this was a very useful document. Members questioned whether there was any work being done around big issues like IT fraud, for example hacking. The Committee was informed that work was carried out annually that covered this kind of issue but not by them. Members were pleased to see the information regarding Whistleblowing on page 65 of the main report. The Executive Director Finance and Resources confirmed that there was also information on the Whistleblowing process on the staff intranet and there was a strong anti-fraud culture at the Council. She also stated that there would be a refresh of the Whistleblowing policy once the current organisation-wide culture work had been completed.

**RESOLVED** that the Informing the Risk Assessment report be noted.

50/19

**INTERNAL AUDIT - PROGRESS REPORT**

The Head of Internal Audit Shared Service presented a monitoring report that informed the Committee of the progress of any internal audit work for 2019/20.

Members were informed that as a direct response to their request the way in which the report was presented had been amended and it was hoped that the new format provided a clearer overview and more context for the reports. The three reports that were included in the reporting were Council Tax, SLM contract management and Planning Applications and S106 funding. The recommendations and implementation dates were included in these reports which would enable the Committee to monitor the progress going forward. It was noted by the Head of Internal Audit Shared Services that there were no high risk recommendations in these reports. The Executive Director, Finance and Resources stated that there was an annual fraud report undertaken by the Council. She also resolved to investigate the historic compliance report that used to appear on the Audit, Standards and Governance Committee's work programme.

The Chairman thanked the Head of Internal Audit Shared Services and stated that all of the changes across reports and appendices were really useful and the dashboard style of them was much clearer.

**RESOLVED** that the Internal Audit Progress Report be noted.

51/19

### **INTERNAL AUDIT - DRAFT AUDIT PLAN**

The Head of the Internal Audit Shared Service presented the Internal Audit Plan 2019/20 and in so doing noted that the draft copy of this report had been considered by Members at the previous meeting of the Committee. No material changes had been made since the previous meeting of the Committee. He did explain that there had been omissions from the draft report such as People and Recruitment as it was felt that audit resources would be better placed in other areas. This was still applicable in this version of the report.

The Committee's attention was drawn to pages 133-134 of the papers which showed what was included in the plan and the proposed resource that was necessary.

Members questioned the number of penalty points that the Dolphin Centre had received. The Executive Director, Finance and Resources resolved to look at the contract and report back to Members in respect of this matter.

There was discussion regarding the fleet repairs and whether they had been completed. The Head of the Internal Audit Shared Service undertook to ask officers and feedback to Members of the Committee.

The Chairman once again thanked the Head of Internal Audit Shared Services for the report.

**RESOLVED** that

- a) the Internal Audit Plan be approved and that;
- b) the Key Performance Indicators be approved.

52/19

**RISK CHAMPION - VERBAL UPDATE REPORT (COUNCILLOR K. VAN DER PLANK)**

Councillor K. Van der Plank provided the Committee with a verbal update, in her capacity as Risk Champion.

It was noted that Councillor K. Van der Plank had visited the Head of Planning to discuss risks at an Operational and Strategic level. Members discussed the need for some risks to be placed on the Corporate Risk Register. The Executive Director Finance and Resources undertook to take any recommendations to the Corporate Management Team (CMT) and Councillor G. Denaro resolved to take them to future Leader's meetings.

The Chairman thanked Councillor K. Van der Plank for her detailed update.

**RESOLVED** that the verbal update from the Risk Champion be noted.

53/19

**BUSINESS CONTINUITY (PRESENTATION)**

The Executive Director, Finance and Resources gave a presentation on the Business Continuity Plan at Bromsgrove District Council. It was agreed that this was a timely presentation given the current outbreak of COVID-19. It was explained to Members that there was a Duty Officer rota which ran 24 hours a day, 7 days a week and the Duty Officer and the second call duty officer were responsible for any issues that arose during that time. Recently there had been out of hours calls regarding heavy flooding in the district.

Members were concerned that there could be an impact from the current situation regarding Coronavirus and the Council's Business Continuity Plans might need to be triggered in respect of the implications for the external facing services at the Council such as bin collections and benefits. Officers resolved to find out the information concerning this and

assured the Members that there were discussions regarding exactly this currently being undertaken. It was also discussed that the Health and Safety Officer was ensuring that information was being signposted to staff. Officers explained that most staff had the ability to work from home if necessary and that laptops were being sourced to be provided to those that need them.

Members indicated the importance of them being kept informed by officers of what was happening in order to inform residents if they were asked.

**RESOLVED** that the presentation on Business Continuity, be noted.

54/19

**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME**

Members considered the Audit, Standards and Governance Committee's Work Programme for 2019/20.

**RESOLVED** that the Audit, Standards and Governance Committee's Work Programme for 2019/20, be updated to include the items discussed and agreed during the course of the meeting.

The meeting closed at 7.42 p.m.

Chairman