



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 15TH JULY 2021
AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

MEMBERS: Councillors A. J. B. Beaumont, R. E. Jenkins, J. E. King, A. D. Kriss, L. C. R. Mallett, M. Middleton, C. J. Spencer, K. J. Van Der Plank and P. J. Whittaker and Mr. B. McEldowney (Parish Councils Representative)

AGENDA

1. Election of Chairman
2. Election of Vice Chairman
3. Apologies for Absence and Named Substitutes
4. Declarations of Interest and Whipping Arrangements

To invite Councillors to declare any Disclosable Pecuniary interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.

5. To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 11th March 2021 (Pages 1 - 14)
6. Internal Audit Annual Report 2020 - 2021 (Pages 15 - 48)
7. Annual Audit Plan 2021/22 (Pages 49 - 60)

8. Standards Regime - Monitoring Officers' Report (Pages 61 - 66)
9. Dispensations Report (Pages 67 - 76)
10. RIPA Report 2021-2022 (Pages 77 - 82)
11. Risk Register Update - Verbal Update
12. Risk Management Group Monitoring - Verbal Update
13. Annual Appointment of Risk Management Champion for the Committee
14. Audit, Standards and Governance Committee Work Programme (Pages 83 - 84)

K. DICKS
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

7th July 2021

If you have any queries on this Agenda please contact
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in attendance are encouraged to wear face-masks, to use the hand sanitiser that will be provided and will be required to sit in a socially distanced manner at the meetings. It should be noted that members of the public who choose to attend in person do so at their own risk. In line with Government guidelines, any member of the public who has received a positive result in a Covid-19 test on the day of a meeting should not attend in person and should self-isolate in accordance with the national rules.

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- Meeting Agendas
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Audit, Standards and Governance Committee
11th March 2021

BROMSGROVE DISTRICT COUNCIL

VIRTUAL MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY, 11TH MARCH 2021, AT 6.00 P.M.

PRESENT: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), A. J. B. Beaumont, J. E. King, A. D. Kriss, M. Middleton, J. Till, K. J. Van Der Plank, G. N. Denaro and Cypher (Parish Councils' Representative)

Observers: Councillor G. N. Denaro – Portfolio Holder for Finance and Enabling

Officers: Mr. K. Dicks, Mrs. C. Felton, J Howse, Ms. C. Flanagan, Mr C. Forrester, Mr. A. Bromage, Mrs. J Gresham and Mrs. P. Ross

45/20

APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES

Apologies for absence were received from Councillor C. Spencer with Councillor J. Till in attendance as the substitute member.

The Chairman took the opportunity to welcome the new Executive Director of Resources, Bromsgrove District and Redditch Borough Council's to his first meeting of the Committee.

46/20

DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

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

47/20

MINUTES

The minutes of the meeting of the Audit, Standards and Governance Committee held on 21st January 2021 were submitted.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 21st January 2021 be approved as a correct record.

48/20

STANDARDS REGIME - MONITORING OFFICERS' REPORT

The Head of Legal, Democratic and Property Services presented the report and in doing so, informed the Committee that the report referred to the Standards complaints that she was currently managing and to the Member Development Steering Group where training for Members would be considered in advance of the new municipal year.

Mr. J. Cypher clarified that he was in attendance as the representative for Bromsgrove Parish Councils. He referred to the points made in the report with regard to the Parish Council complaint and asked to what extent did the Monitoring Officer find herself having to manage complaints that were not related to the Councillors Code of Conduct.

It was reported that in some Parish Councils there was some confusion between the ordinary complaints procedure and Code of Conduct issues and the role of the Monitoring Officer.

The Head of Legal, Democratic and Property Services responded and stated that the Code of Conduct and the Standards regime were not necessarily that easy to navigate for members of the public and that sometimes there was an expectation in terms of the Code of Conduct and its ability to manage procedures, both at Parish and District level.

The Monitoring Officer clarified that she took a pragmatic approach, and that the role of the team was to maintain high standards and so if they could do anything to help the Parishes or members of the public to understand the district procedures then they tended to be quite flexible.

With regards to the role of the Monitoring Officer, she undertook to provide Mr. Cypher with a narrative in respect of her role.

The Head of Legal, Democratic and Property Services further commented that the procedure generally tended to form part of the complaint, but Parish Clerks did not have the same support as District Councils, so the approach taken was to be generous with her time wherever possible.

RESOLVED that the Monitoring Officers' Report be noted.

49/20

MODEL CODE OF CONDUCT

The Principal Solicitor reminded the Committee that at the last meeting held on 21st January 2021, she had indicated that she would be

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presenting a report regarding the new model Code of Conduct issued by the Local Government Association (LGA).

It was highlighted that the style was very different in the new LGA model Code of Conduct, in addition to the provisions of the model Code there was quite a detailed narrative attached within the model Code itself. Members were advised that the guidance could be separated from the model Code in order to make the model code more streamlined.

The Principal Solicitor drew Members' attention to the recommendations and highlighted the main areas of difference between the new LGA model Code of Conduct and the Worcestershire Code. Members were reminded that they had previously expressed a preference for a pan-Worcestershire model Code of Conduct that would apply across all three tiers of Local Government.

Members were informed that the countywide Monitoring Officers Group had looked at the existing Code and it was felt that the new LGA model Code of Conduct could be adapted slightly for local purposes, if required. It was clarified that any future changes from Local Government would more than likely be based on the new LGA model Code of Conduct and that a pan-Worcestershire Code would be based on the LGA model Code.

The Principal Solicitor also commented that Members had recently revisited the current Worcestershire Code and had agreed to keep the value for registering gifts and hospitality £15, the LGA model Code would be £50.

During lengthy discussion Members debated the option of a new pan-Worcestershire Code and the adoption of the LGA model Code and questioned the need for a different Worcestershire Code. Members also queried as to why a decision could not wait until primary legislation was passed.

The Principal Solicitor explained that there was currently so much going on with the recommendations to strengthen the Standards regime, that primary legislation may take quite a while to be passed.

The Head of Legal, Democratic and Property Services further informed the Committee that Members had previously looked at the current Code before receiving anything from the LGA as it had taken longer than anticipated to receive the LGA model code. Members had looked at the current Worcestershire Code from a Bromsgrove perspective and had

also taken into account the recommendations identified by the Committee on Standards in Public Life.

Mr. J. Cypher commented that the Bromsgrove area Parish Councils continued to support the 'Worcestershire Way' and it was felt that the new LGA model Code be adopted and adapted locally, he would emphasise that sticking together with a pan-Worcestershire Code was the way for the future.

In response to Members, the Principal Solicitor explained that should the Committee be minded to approve recommendations C and D, that the new Worcestershire Code would be presented to the Committee for consideration.

The Chairman took the opportunity to thank officers for their detailed responses and clarification with regard to the decisions Members had made when they had previously looked at the current Code.

RESOLVED that taking the five bullet points into consideration, as detailed at paragraph 5, that

- a) **the model Code issued by the LGA be amended; and**
- b) **the Monitoring Officer liaises with the other Monitoring Officers across Worcestershire to consider the feedback from all councils and to bring forward a new Worcestershire wide Code.**

50/20

AUDIT FINDINGS 2019/2020 - GRANT THORNTON

Mr. J. Murray, the Engagement Lead, Grant Thornton presented the Grant Thornton Audit Findings 2019/20 report and in doing so highlighted that Members had previously been made aware of the challenges faced by both themselves and officers due to the outbreak of the Covid-19 coronavirus pandemic, which had had a significant impact on the normal operations of the Council.

During consideration of this item, Members' attention was drawn to the following:

- There was one item, in relation to housing benefit payments to claimants, which amounted to £72k, which was shown in 2019/20, rather than in 2020/21. Officers had declined to adjust this owing to the impact on ongoing claim payments and would process the change at the beginning of 2021/22. This was included in the Letter of Representation.

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- The audit adjustments, as detailed at Appendix C.
- Recommendations raised for management, as detailed at Appendix A.
- The follow up of recommendations from the prior year's audit, as detailed at Appendix B.
- The work was substantially completed, and it was anticipated that the audit opinion would be unmodified, but would include an 'Emphasis of Matter, highlighting the material uncertainty around property valuations.

It was explained to members that Grant Thornton had completed the risk-based review of the Council's value for money arrangements in respect of the significant risks identified in the Audit Plan around financial sustainability. It was concluded that Bromsgrove District Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources in this area.

It was also considered whether the significant challenges in relation to the financial statements audit also needed to be reflected in our value for money conclusion, given one of the National Audit Office, Value for Money (VFM) criteria which related to 'Unreliable and untimely financial reporting that doesn't support delivery of strategic priorities, such as the late submission of financial statements for audit'. This was considered by an independent consistency panel who agreed with their assessment that the VFM conclusion should not be qualified in this regard. This was principally because of the support from the Chief Executive to the Acting S.151 officer, and of the audit process.

Grant Thornton advised Members that they had updated their VFM risk assessment to document their understanding of the Council's arrangements to ensure critical business continuity in the current environment. It was confirmed that they had not identified any new VFM risks in relation to Covid-19.

As detailed in the 'Key Messages' the need to improve the quality of working papers supporting the financial statements had been noted; to reflect the significant amount of additional audit time required as a result of poor quality of working papers.

Grant Thornton would ensure that all findings were actioned appropriately before issuing their audit opinion.

The significant audit risks included the valuation of land and buildings, as detailed on page 67 of the main agenda report. Work was

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undertaken to challenge management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work.

Members' attention was drawn to the 'Significant findings – key estimates and judgements', as detailed on pages 69 to 72. The use of the going concern assumption was reasonable as the Council had a realistic Medium Term Financial Plan (MTFP) and sufficient reserves to cover any short-term unexpected need.

Mr. N. Preece, the Engagement Lead, Grant Thornton further informed Members that with regard to VFM, that the MTFP as approved by Cabinet in February 2019 showed a financial gap up to and including 2022/23 of £3.4m, by February 2020 that had improved to forecast a gap, up to and including 2023/24 of £2m. The full impact of Covid-19 was still unknown. However, officers were reasonably confident that the grants would cover these costs, but this was still currently ongoing.

Whilst this was very good news, Members were reminded not to be complacent as there were still significant savings that needed to be made, which would be slightly more challenging for the Council to make as it did not provide non-discretionary services that other authorities provided. Therefore, Members were informed that there were some difficult decisions to be made in the future.

Members were referred to the Action Plan, as detailed on pages 78 to 79 of the main agenda report; and that the managements responses received were reasonable.

In response to questions from Members with regard to the comments in the report, in respect of the accuracy of the information provided by officers, the Head of Finance and Customer Services agreed that this had been ongoing issue. The archaic and cumbersome finance system that officers had had to work with did not produce the information required.

The new Enterprise Resource Planning system (ERP) system was now live, with the old system operating as a read only system. The ERP system would provide detailed information. There was a comprehensive training programme across the organisation.

The Head of Finance and Customer Services suggested that the first year would be a learning curve but was confident that the ERP system would produce better working papers. The quality of the new working

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papers would be more compliant with modern working practices across the organisation, enabling officers to respond to the auditors in a more timely fashion going forward.

Members were advised that there had been a full reconciliation of both systems in the run up to going live and a substantial amount of testing was carried out to ensure that the information transferred across to the ERP system was a complete record. Grant Thornton were also using some of their specialist teams to check data quality and report writing going forward. The ERP system would directly drive working papers and reports. Members were informed by the Head of Finance and Customer Services that he was confident that the crossover had been extremely successful.

With regard to the fixed assets, there had been a massive leap forward in the amount of work undertaken on the fixed assets register and the quality of work that had come from that undertaking. In respect of property, plant and equipment valuations this was currently being reviewed.

Mr. J. Murray, the Engagement Lead, Grant Thornton commented that he would agree with the Head of Finance and Customer Services. It was absolutely right that Grant Thornton had responded on the quality of working papers for the last few years. He would also agree that the new finance system was a great step forward, however, there may still be some teething problems along the way. There was a need to ensure that the training on the new system was done properly so that the system could produce what was required. They would continue to monitor this over the coming years.

Members expressed their thanks to officers and stated that there was a need to look after Council reserves and to identify savings. It was recognised that officers had worked incredibly hard during the Covid-19 pandemic, but Committee Members absolutely needed to ensure that issues were resolved for the next municipal year.

The Chairman took the opportunity to thank officers and Grant Thornton for a comprehensive report and their work in a challenging environment.

RESOLVED that the Grant Thornton - Audit Findings Report 2019/20, as detailed at Appendix 1 to the report, be approved.

The Head of Finance and Customer Services presented the Statement of Accounts 2019/2020 report and informed the Committee that the Statement of Accounts elements that required signature were detailed at Appendix 1 to the report, which included the core statements for sign off. A full clear set of accounts would be presented to a future meeting of the Committee.

The Head of Finance and Customer Services further stated that he did not anticipate any other changes, however, if there were any changes were identified, they would be reported back to the Committee.

In response to Members' questions, the Head of Finance and Customer Services clarified the differences between the Balance Sheet and Group Balance Sheet, as detailed on pages 9 and 10 of the Supplementary Agenda Pack. Members were informed that the Group Balance Sheet included the rolling in of the Artrix element.

RESOLVED that the Audit, Standards and Governance Committee approve the Statement of Accounts 2019/2020 elements that required signature, as detailed at Appendix 1 to the report.

52/20

HOUSING BENEFIT / SUBSIDY CERTIFICATION WORK 2019/20 - SUMMARY REPORT

Mr. N. Preece, the Engagement Lead, Grant Thornton, presented the Housing Benefit Subsidy Claim Audit Letter.

Members were informed that they had certified the Housing Benefit Claim for 2019/20 relating to over £12.6m of expenditure. The Department for Work and Pensions (DWP) set the parameters and guidelines that auditors had to go through when auditing. It was almost impossible not to have any errors due to the complexity of the work required.

There were a number of issues that required further testing. Members were asked to note that there was no level of materiality when auditing the housing benefit claim and therefore the errors could be minor in value but required further testing.

The Engagement Lead, Grant Thornton further commented that the number of cases tested had increased, however, the error rate had decreased. He was pleased with the error rate and was happy that there would be less testing to carry out next year.

Members' attention was drawn to Appendix 1, and the table that detailed the number of cases tested and the number of errors found in recent years.

He also asked the Committee to note that the work had been finished by the extended deadline given.

RESOLVED that the Grant Thornton certification letter 2019/20 be noted.

53/20

INTERNAL AUDIT - PROGRESS REPORT

The Head of the Worcestershire Internal Audit Shared Service presented the Internal Audit Monitoring Report to Members and explained that this was the regular update report that was presented to the Committee and summarised the reviews and progress made in respect of the Audit Plan since the last Committee meeting.

Members were informed of the following:

- Two reviews had been finalised - Treasury Management and Debtors.
- Three reviews were awaiting sign off – Council Tax, National Non-Domestic Rates and Benefits.
- One audit was progressing through clearance stage – Health and Safety.
- Audits progressing through testing stage – Creditors, Main Ledger and Risk Management.

The outcomes of all of the above would be reported to the Committee in due course, once completed and once management had confirmed an action plan.

The 2020/21 plan reflected the delayed start and certain lesser risk reviews would be needed to be rolled to next year's plan. Priority continued to be given to potentially higher risk areas, e.g. limited assurance audits. As we returned to the new normal the impact of restrictions of the Covid-19 lockdown on the plan had being closely managed as the year had progressed.

Members' attention was drawn to:

- Appendices 1 and 2 which reflected the challenges faced over the eleven months.

- Appendix 5 – Quality Assurance Improvement Plan.

The Head of the Worcestershire Internal Audit Shared Service commented that despite the challenges faced, the Council was in a position whereby he was comfortable and confident that come year end he would be able to give an audit opinion. He would also be looking at other potential assurance work that had taken place in the Council over the last 12 months in order to provide that opinion as at the year end.

Members' attention was further drawn to the National Fraud Initiative (NFI), as detailed on page 98 of the main agenda report. Going forward he would need to work closely with the Head of Finance and Customer Services team to get information loaded onto the new (ERP) system. The new ERP system should make it easier for the Head of Finance and Customer Services team to extract this information and upload in the format that the NFI required it.

The Head of the Worcestershire Internal Audit Shared Service explained that he had not presented the 2021/22 Audit Plan to this meeting, as he had wanted to engage with the new Executive Director of Resources before presenting it to the Committee. The 2021/22 Audit Plan would be presented to Members at the next meeting of the Committee.

The Chairman took the opportunity to thank the Head of the Worcestershire Internal Audit Shared Service and his team for a comprehensive report.

RESOLVED that the Internal Audit Monitoring Report be noted.

54/20

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE DRAFT ANNUAL REPORT

The Chairman briefly introduced the Audit, Standards and Governance Draft Annual report 2020/2021 and in doing so, stated that the report highlighted the work of the Committee and the reports presented and considered by Committee Members during the municipal year 2021/2021.

He expressed his sincere thanks to all serving Members of the Committee and those Members that had served the Committee during the year. He also thanked the Portfolio Holder for Finance and Enabling, senior officers, officers and the Council's external auditors who had supported and presented reports to the Committee during the course of the year; and to the support given by the Democratic Services Officer.

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The Chairman further extended his sincere thanks to Councillor K. J. Van Der Plank, as the Committee's Risk Champion. Councillor Van Der Plank had really added depth and dimension to her role. He appreciated the work she had undertaken as the Committee's Risk Champion.

RESOLVED that the draft annual report for the Audit, Standards and Governance Committee 2020/2021, be noted and presented at Council as a final version.

55/20

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

Councillor K. J. Van der Plank, as the Committee's Risk Champion, provided a verbal update to the Committee, as attached.

The Chairman thanked Councillor K. J. Van Der Plank for her verbal update and for her work as Risk Champion. He further took the opportunity to express thanks on behalf of the Committee; and stated that it was a unique role to fill.

RESOLVED that the Risk Champion verbal update be noted and that the Democratic Services Officer to include a copy of Councillor K. J. Van Der Plank's written update with the published minutes.

56/20

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Democratic Services Officer undertook to update the work programme to ensure that all items were considered at the appropriate time and to provide an amended version at the next meeting of the Committee.

RESOLVED that the Committee work programme be noted.

Appendix

The meeting closed at 7.48 p.m.

Chairman

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Risk Champion – Final Report from KVDP– March 2021

Introduction

The purpose of this report is to:

- Review and reflect on previous risk champion reports over my last two years in the role
- Highlight any outstanding issues or suggested areas for follow up
- Offer guidance and suggestions about the role of Risk Champion for future role holders

Summary of Risk Champion reviews since Sept 2019

I have explored the following areas in my Risk Champion reports (copies available if anyone would like them):

Sept 2019	Overview of risk management at BDC: Risk strategy & processes
Jan 2020	Environmental Services
March 2020	Planning
July 2020	Pandemic Response
Sept 2020	Safeguarding
Nov 2020	People processes: training and wellbeing
Jan 2021	Outcome of Motions & Written questions
March 21	Final report

Outstanding Issues

In my opinion, I think there are 3 areas that need further focus this year:

1. Risk management processes

- In my first report I gave an overview of BDC's risk management processes which at the time had already been deemed inadequate and needing improving, following the Zurich audit.
- Some of these gaps and weaknesses have been addressed or have remedial plans in place. However, due to the staff changes and lengthy period without our 151 officer who had overall responsibility for risk management, I suggest a repeat audit of our risk management processes is completed at the earliest opportunity to make sure everything is on track as previously planned. In particular, checking the following areas:
 - Is the Risk Steering Group and the departmental Risk Champions that were established in 2019 still working effectively?
 - Compliance was identified as an area of concern and commitment made to address this. Has that happened and have we seen improvements?
 - It was recognised that risk management needed to be made a higher priority across the organisation as risk meetings were often cancelled and this regularly dropped off the agenda but a commitment was made to improve this. Has that happened?
 - Once the new risk strategy and processes were developed, it was recognised that training would be required to ensure these are fully embedded. Has this happened?

2. Identifying risks

The focus of our risk register is predominantly inward looking, often focused on operational risks and less consideration for reputational risk or wider external factors. Given the impact and extent of external factors over the last 12 months, we may want to look at how we define risk and check our top strategic risks are wide enough and broad enough. That includes more horizon scanning and planning to enable us to manage future issues.

3. Reflections and learnings after Covid

We did an interim review of our Covid response last summer, but that was before the second wave so given the scale and impact of this emergency response, I suggest a further review and evaluation of how we have handled this ongoing situation would be useful.

The role of Risk Champion

- There is nothing defined or formally documented about this role, which I think is positive, as it means each role holder has freedom to approach it differently, making the best use of their own skills and interests which will maximise the value to the committee.
- The role provides a great opportunity for the Risk Champion to gain a better understanding of different parts of the council – whether that be a broad area or something specific – through an informal review, and then share this insight and learning with the rest of the committee.
- The Risk Champion informal review is just that: It doesn't duplicate or replace the comprehensive audits which are something quite different and essential.
- In a Risk Champion review, issues may be noted that are worth flagging up to the Audit and Standards Committee or other committees within council. However, it's important to note that the Risk Champion has no formal mandate in these areas so whilst observations may be passed on, this is in the format of 'suggestions to explore' not formal recommendations.

Thank you!

I have enjoyed my two years as Risk Champion. It has given me a useful and interesting insight into a variety of areas and improved my understanding of the council and how it functions. In turn, coming in as someone new, with a different perspective and a wide and flexible brief I feel I have been able to make suggestions for improvements in a variety of areas, which have gone on to be implemented.

Key to the Risk Champion rolling working effectively has been the attitude of officers which has been open and welcoming and receptive to suggestions: we've had some really interesting discussions, and I'd like to thank all officers I've spoken to. Most of all though, I'd like to thank the Chair of Audit and Standards Committee, Cllr Mallett for his support and encouragement throughout my two years in this role, which has been much appreciated.

I recommend the role and am happy to discuss it further if anyone is interested in taking it on.

Kate Van der Plank, March 2021

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th July 2021

2020/21 INTERNAL AUDIT ANNUAL REPORT AND AUDIT OPINION

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Head of Finance and Customer Services
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- The 2020/21 Internal Audit Annual Report for the period 1st April 2020 to 31st March 2021 along with the Audit Opinion and Commentary.

2. RECOMMENDATION

2.1 **The Committee is asked to RESOLVE that the report is noted.**

3. KEY ISSUES

Financial Implications

3.1 None as a direct result of this report.

Legal Implications

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th July 2021

Service / Operational Implications

- 3.3 **Appendix 1** provides a summary of allocation in respect of the 164 audit days delivered against the 230 budgeted.
- 3.4 **Appendix 2** provides a breakdown of the audits completed including the overall assurance as well as confirmation of follow up audits undertaken during the year
- 3.5 **Appendix 3** provides the 2020-21 audit opinion and commentary.
- 3.6 **Appendix 4** provides a copy of the Internal Audit Charter for WIASS.
- 3.7 **Appendix 5** provides a copy of the quality assurance improvement programme (QAIP).
- 3.8 **Dashboard:**
- | | |
|--|----------------------------|
| Target total of reviews for delivery 2020/21: | 12 (minimum) |
| Actual reviews delivered: | 12 |
| Reviews finalised to date for 2020/21: | 12 |
| Reviews currently awaiting final sign off: | 0 |
| Assurance of 'moderate' or above: | 7 |
| Assurance of 'limited' or below: | 0 |
| Reviews requiring audit work completion: | 0 |
| Number of 'High' Priority recommendations reported for year: | 3 |
| Productivity: | 62% (against targeted 74%) |
| Overall plan delivery based on original | 71% (against target >90%) |
| Feedback for Service | Good |
- 3.9 The Worcestershire Internal Audit Shared Service (WIASS) has achieved and delivered the 2020/2021 revised internal audit plan.
- 3.10 The Internal Audit Plan for 2020/2021 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk, and external risk) and reported to the Audit, Standards and Governance Committee on the 5th March 2020. It included:
- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance and
 - a number of operational systems, for example planning, safeguarding and markets were looked at to maintain and improve its control systems

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th July 2021

and risk management processes or reinforce its oversight of such systems.

3.11 In accordance with best practice the plan is subject to review each year to ensure that identified changes, for example, external influences, risk assessment and process re-engineering are taken into consideration within the annual plan.

3.12 The purpose of the 2020/21 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assisted the Authority in meeting its corporate purposes by reviewing the high risk areas, systems and processes,
- Audit plan delivery was monitored, appropriate action taken and performance reports issued on a regular basis,
- The key financial systems are reviewed annually, enabling the Authority's external auditors to inform their opinion using the work completed by Internal Audit,
- An opinion can be formed on the adequacy of the Authority's system of internal control, which feeds into the Annual Governance Statement which is presented with the statement of accounts.

COVID-19 Pandemic Impact 2019/20

3.13 2020/21 was a very difficult and challenging year with unprecedented change due to the Covid-19 pandemic and the need to work remotely. The 2020/21 revised plan reflected the delayed start due to the COVID-19 pandemic restrictions and the need for the Service to provide support in other areas during the first lockdown. Continuing demand on resource after the initial lockdown was required to assist a Partner with the processing of business grants as well as maintaining critical service provision with secondment of staff. This impacted on the ability of the shared service to deliver the original audit plan agreed by Members and saw plan adjustments for all Partners to match available resource. The impact of restrictions of the COVID-19 lockdowns on the plan were closely managed throughout the year. The plan for 2020/21 remained very flexible. The core financial areas of the business along with several systems reviews were undertaken and reported on. Variations to the plan were agreed with the Head of Finance and Customer Services and the s151 Officer in post at the time.

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Resource Management.

- 3.14 The Service carefully managed its resource and worked with partners to deliver the revised audit programme for Bromsgrove District Council for 2020/21 with regular updates of progress reported before Committee. The s151 Officer was kept fully briefed during the year regarding to overall progress and was instrumental in the plan variance along with enhancing the process to achieve quicker management sign off. There was also regular reporting to both SMT and CMT.
- 3.15 During 2020/21, audit reviews totalled 12 and full audit reports were provided before Committee containing the Auditors opinion on the effectiveness of the controls operating within those areas and an action plan containing recommendations to address the identified control weaknesses.
- 3.16 Based on the audits performed in accordance with the audit plan the Worcestershire Internal Audit Shared Services Manager has concluded that, on the whole, the internal control arrangements during 2020/21 effectively managed the principal risks identified in the revised audit plan but there continues to be pockets of risk within the organisation where mitigation work is continuing.

Annual Governance Statement ~ Assurance Checklist Statements 2020/21

- 3.17 It is the responsibility of management to maintain the Authority's internal control framework and ensure that controls are being complied with.
- 3.18 In order to ascertain management's view on this and in order to identify any areas where current or emerging risks in relation to internal controls may exist, all Fourth Tier Managers were asked to complete an internal control checklist covering Strategic and Operational, Human Resources, Corporate Procedure Documents, Service Specific Procedures, Risk Management and Anti Fraud, Performance Management and Data Quality, Inventories and independent recommendations from outside bodies including audit.
- 3.19 Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirmed that those controls were operating effectively except where reported otherwise.

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- 3.20 A review of the returned statements indicates that although work continues to strengthen some control requirements it is considered that those areas identified do not present a significant and material risk at this time. The areas identified in the statements will be considered as part of the audit programme.

Work of interest to the External Auditor

- 3.21 To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is shared with the external auditors for information. The result of the work that WIASS has performed on seven systems audits was of direct interest to External Audit. However, all audit reports are passed to the external auditor on request for their information.

External Work

- 3.22 The work to deliver the ICT work for Worcestershire County Council audit contract was completed during 2020/21 with a reduced number of days. The contract has a further two years to run.

Follow Up Audits

- 3.23 A summary of audit follow ups for the year is provided as part of Appendix 2. This area of work is undertaken to ensure that potential risks to the authority are mitigated. The outcome of this work is reported on an exception basis. There have been no exceptions reported to the Committee during 2020/21. Follow ups, and any exceptions, will continue to be reported but the number of additional visits to ensure actions plans are satisfied is continuing to decrease compared with the previous years. From April 2020 the full report was presented before Committee rather than a summary position to aid context and transparency.

Quality Measures

- 3.24 Managers are asked to provide feedback regarding systems audits that have taken place by completing a questionnaire. At the conclusion of each audit a feedback questionnaire is sent to the Responsible Manager and an analysis of those returned along with anecdotal evidence during the year shows very high satisfaction with the audit product – see **Appendix 2**.
- 3.25 To further assist the Committee with their assurance of the overall delivery and that Worcestershire Internal Audit Shared Service conforms to the

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Public Sector Internal Audit Standards (as amended). All staff work to a given methodology and have access to the internal audit reference material and charter which are updated regularly to reflect the requirements of the standards and the changing environment that WIASS is auditing in. A copy of the Audit Charter is included at **Appendix 4** for information.

Independence and Safeguards

- 3.26 Worcestershire Internal Audit Shared Service Internal Audit activity is organisationally independent. Internal Audit reports to the s151 Officer but has a direct and unrestricted access to senior management and the Chair of the Audit, Standards and Governance Committee.
- 3.27 Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. Staff work to a given methodology and have access to the internal audit reference material and Charter which have been updated to reflect the requirements of the standards. The Charter is included as part of this report at **Appendix 4**. Where WIASS provided assistance with the preparation of areas of work such as risk management there were clear safeguards in place to ensure independence was not compromised. Safeguards include review within the audit service by an independent person to those who have completed the work as well as independent scrutiny by the Executive Director of Resources. Audit Committee can also challenge the reported findings and the minutes would record this.
- 3.28 The Client Officer Group which is the management board for the Service is made up of partner s151 Officers. They meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan as well as actively promoting the continuous improvement of the Service. Further improvement has been identified through the self assessment process which was carried out in August 2020 and a quality assurance improvement plan (QAIP) was formulated with implementation commencing during the year. This is reported for information at **Appendix 5**.

Risk Management

- 3.29 Heads of Service periodically provide Risk Management updates before the Audit Committee for consideration along with verbal updates from the

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Head of Finance and Customer Services to provide assurance. Development of the risk management system continues under the Directorship of the Executive Director of Resources.

Assurance Sources

- 3.30 We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

Other Operational Work

- 3.31 Work is continuing in respect of the National Fraud Initiative (NFI) exercise. Appropriate action is being taken and work is progressing to identify potential fraudulent activity for example overpayment for housing benefits, income support, etc. The last significant data extract was December 2020 and the results continue to be worked on. A further data upload took place in January 2021 for single person discount and Election data. A further upload of data is scheduled for December 2021. WIASS continue with a coordinating role regarding this process.

Customer / Equalities and Diversity Implications

- 3.32 There are no implications arising out of this report.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are.

- Non-compliance with statutory requirements.

5. APPENDICES

Appendix 1 ~ Delivery against plan 2020/21

Appendix 2 ~ Audits completed with assurance for 2020/21 and audit follow up work

Appendix 3 ~ Audit Opinion and Commentary

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- Appendix 4 ~ Internal Audit Charter
- Appendix 5 ~ Quality Assurance Improvement Programme (QAIP)

6. BACKGROUND PAPERS

None.

7. Key

N/a

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APPENDIX 1

Delivery against Internal Audit Plan for 2020/21 1st April 2020 to 31st March 2021

Audit Area	2020/21 ORIGINAL PLANNED DAYS	2020/21 REVISED PLAN DAYS	2020/21 ACTUAL DAYS USED
Core Financial Systems (see note 1)	52	56	56
Corporate Audits (see note 3)	50	37	37
Other Systems Audits (see note 2 and 3)	92	37	37
TOTAL	194	130	130
Audit Management Meetings	15	15	18
Corporate Meetings / Reading	5	5	5
Annual Plans, Reports and Audit Committee support	16	11	11
TOTAL	36	31	34
TOTAL (see note 4)	230	161	164

Note:

Days are rounded to the nearest whole.

Note 1: Core Financial Systems were audited using a rolling programme during the year in order to provide a larger sample to maximise the assurance provided for Annual Governance Statement and Statement of Accounts.

Note 2: Budgets contained in this area include draw down/contingency budgets which by their nature may or may not be used e.g. fraud and special investigations, consultancy and advisory.

Note 3: The variation in planned days to actual days was due to a combination of factors including the Covid-19 lockdown.

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Performance against Key Performance Indicators 2020-2021

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2020/21. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4 to KPI 6.

	KPI	Trend/Target requirement	2019/20 Year End Position	2020/21 Year End Position		Frequency of Reporting
Operational						
1	No. of audits achieved during the year	Per target	Target = 13 (minimum) Delivered = 19	Revised Target 12 (minimum) Delivered = 12		When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	90%	71%		When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	81%	62%		When Audit Committee convene
Monitoring & Governance						
4	No. of 'high' priority recommendations	Downward (minimal)	8	3		When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	7	7		When Audit Committee convene
6	'Follow Up' results (Using 2017/18 reviews onward)	Management action plan implementation date exceeded (nil)	0	0		When Audit Committee convene
Customer Satisfaction						
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	6x issued 4x returned 'excellent' 2 awaited	5x issued 2x returned 1x excellent 1x good		When Audit Committee convene

WIASs conforms to the Public Sector Internal Audit Standards as amended.

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Appendix 2

Audit Opinion Summary Analysis ~ Audits completed during financial year 2020/2021:

Audit Report / Title	Final Report issued	Assurance
Debtors	08 th February 2021	Significant
Benefits	5 th March 2021	Significant
Creditors	27 th April 2021	Significant
Orb	27 th August 2020	Moderate
Markets	24 th November 2020	Moderate
Treasury Management	8 th February 2021	Moderate
Health and Safety Training Documents	15 th March 2021	Moderate
Council Tax	1 st April 2021	Moderate
National Non Domestic Rates	1 st April 2021	Moderate
Main Ledger	27 th April 2021	Moderate
Use of Agency and Consultants	4 th March 2021	Critical Review
Risk Management (Limited Scope)	16 th June 2021	N/a
Follow Up Audits:		
Audit Area	Latest Date for Follow Up	Position
Compliments and Complaints 2019/20	January 2021	Direction of travel satisfactory
On /Off Street Parking 2018/19	October 2020	Satisfied
Health and Safety	July 2020	Direction of travel satisfactory
All core financial audits		

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Summary of 2020/21 Audit Assurance Levels from 12 audits.

Number of Audits	Assurance	Overall % (rounded)
0	Full	0%
3	Significant	25%
7	Moderate	58%
0	Limited	0%
0	No	0%
0	To be confirmed	0%
2	Critical Friend/Hybrid	17%

Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report via a feedback questionnaire. Sometimes this is reported back verbally rather than in the written form. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2020/21 financial year has been received indicating that:

- the client was happy with the process and format of the audits. This continues to be further developed.
- anecdotal evidence indicates a high satisfaction rate with the audit product from the data received.

Comments received included:

- Audit went smoothly and [auditor] was professional at all times, and patient where we had to delay responses.
- Communication was good, Audit were mindful of the pressures we had in relation to system conversion, resourcing and working off site and were able to adapt to these.
- I have dealt with audit many times over the last 2 years and find them very professional but also friendly.
- A very thorough audit from [auditor] – communication was brilliant.

Overall Conclusions:

- The 2020/21 Internal Audit Plan as agreed by the Audit Committee on the 5th March 2020 along with any subsequent revisions has been delivered.

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- 83% of the audits undertaken for 2020/21 which have received an assurance allocated returned an assurance of 'moderate' or above.
- Clients are satisfied with the audit process and service from the data received.
- Independent assurance has been brought before the Committee for consideration in respect of the finalised audits throughout 2020/21 and no exceptions were reported regarding 'follow up' audit work.
- To assist the Committee to draw further assurance from the work that Internal Audit undertakes clear reference is contained in the final audit report to identify whether a direct link exists to corporate priorities and the risk register entry in connection with the audited service provision. This information has been, and will continue to be, reported to the Committee as part of the progress reporting in 2021/22.
- On-going dialogue will be maintained with the s151 Officer and the Client Officer Group. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers whom actively encourage the on-going development of the service.

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APPENDIX 3

Audit Opinion and Commentary 2020/21

Internal Audit: Bromsgrove District Council has a responsibility for maintaining an adequate and effective internal audit function is set out in the Accounts and Audit (England) Regulations 2018.

Due to the global COVID-19 pandemic, 2020/21 was a very challenging year regarding governance. Changes in the way services needed to be delivered and staff deployed saw a move from traditional office-based working to remote working. This created many challenges with a move to an almost total reliance on back-office ICT solutions for those staff having to work from home. Appropriate and proportionate remote access to files and systems was a necessity to ensure the services could continue to be delivered during the national lockdowns experienced during 2020/21.

1. Overall Governance Conclusion

- 1.1 Based on the audits performed in accordance with the revised plan, the Head of Internal Audit Shared Service has concluded that the internal control arrangements during 2020/21 effectively managed the principal risks in several areas, but not all, and can be reasonably relied upon to ensure that the Council's corporate objectives have been met in the main. However, risk remains present which could jeopardise this in the future regarding certain areas and emerging risks will need to be identified and managed. Close monitoring of deployed measures is set to continue but the need to reduce the overall risk and work towards a better and sustainable approach beyond 2020/21 will be critical to create better transparency, expectation and accountability. This will be necessary to ensure the District can continue to manage risk effectively and, ensure the development and deployment of a sound control environment where there is the potential for emerging risk.

2. Risk Management Conclusion

- 2.1 The Head of Internal Audit can confirm the further development of the formal risk management system is set to continue in the organisation under the direction of the Executive Director of Resources and Head of Finance and Customer Services with a view to achieving a better embedded approach in the future. This area was relaunched last year with a new strategic view and was reported before committee. Further work is due to take place in the coming months to establish a clear direction for the Authority. An action plan will map the requirements and allow progress and assurance to be reported before Members in the

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future. Risk management is present in some form in Services but is not corporately coordinated to allow for a holistic view of risk at present.

3. Audit Opinion

- 3.1 The internal audit of Bromsgrove District Council's systems and operations during 2020/21 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit, Governance and Standards Committee on 5th March 2020. This required a significant and subsequent revision due to the impact of the global pandemic.
- 3.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City for 5 district councils and increased to 6 partners with the inclusion of Hereford and Worcester Fire and Rescue Authority from April 2016. The shared service conforms to CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic and effective use of resources.
- 3.3 The Internal Audit Plan for 2020/2021 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk, and external risk). It included:
- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
 - a number of operational systems, for example, compliments and complaints, safeguarding, planning applications, bereavement services were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 3.4 The 2020/21 internal audit plan was heavily revised due to the COVID-19 global pandemic. The revised plan was delivered in full providing sufficient coverage for the Head of Internal Audit Shared Service to form an overall audit opinion based on the work completed.
- 3.5 At the time of writing this opinion in relation to the 12 reviews undertaken, all have been finalised.
- 3.6 There is a clear understanding and commitment that further work is required to embed risk management throughout the organisation with an

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- action plan being formulated by the Head of Finance and Customer Services.
- 3.7 As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are operating effectively. Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirming that those controls were operating effectively except where reported otherwise. There were some key themes identified specifically in some of the returns which will be picked up directly with management including a lack of awareness regarding a handbook and a requirement to update antifraud and corruption procedures. No areas of significant risk have been identified in addition to those already identified in the audit work completed.
- 3.8 Any concerns raised by managers will be assessed and addressed by the Corporate Management Team.
- 3.9 10 of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified. Any assurance provided is limited to the few areas of the system where controls are in place and are operating effectively. The critical friend review that was undertaken did not provide an overall assurance but did report on potential lessons learnt. It is difficult to draw a comparison with the previous year results and corporate position due to the impact the pandemic had.
- 3.10 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein.

Andy Bromage
Head of Internal Audit Shared Service
Worcestershire Internal Audit Shared Service
July 2021

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APPENDIX 4



Worcestershire Internal Audit Shared Service (WIASS)

Internal Audit Charter

Bromsgrove District Council

Definitions

1. Management refers to the Chief Executive, Executive Directors, Heads of Service and Service Managers
2. Board refers to the Audit, Standards & Governance Committee

This Charter was last reviewed by the Audit Standards & Governance Committee on 22nd July 2020.

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1. Introduction

Purpose

- 1.1 The purpose of this charter is to define what Internal Audit is and explain its purpose, role and responsibilities.

Provision of Internal Audit Services

- 1.2 WIASS covers five district authorities Wychavon, Malvern Hills, Bromsgrove, Redditch and Worcester and one Fire Service, Hereford and Worcester Fire and Rescue Authority. WIASS will provide internal audit services to third parties under contractual arrangements.

Worcester City Council hosts the Shared Service provision under an on-going Administrative Collaborative Agreement. It is governed by a Client Officer Group (COG) which is made up of the district and Fire Service s151 officers each having an 'equal say'. The Client Officer Group meets approximately 4 times a year.

- 1.3 For line management matters internal audit will report to the Corporate Director of Resources (s151 Officer within Worcester City Council) and the Monitoring Officer in their prolonged absence.

2. Mission and Definition

- 2.1 Mission:

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

Additional information can be found on the local intranet site:

<https://staffroom.worcester.gov.uk/internal-audit>

- 2.2 Definition:

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

3. Scope and Authority of Internal Audit Work

- 3.1 Under the Accounts and Audit Regulations 2015 No. 234 Part 2 Regulation 5:

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(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation "documents and records" includes information recorded in an electronic form.

To aid compliance with Regulation 5 of the Accounts and Audit Regulations 2018 as amended, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that "Internal Audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives".

Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives.

3.2 In the course of their reviews internal audit staff, under the direction of the Head of Service, shall have authority in all partner organisations to:-

- at all reasonable times after taking account of audit requirements, enter on any partners' premises or land;
- have access to, and where internal audit deem necessary take into their possession, any records, documents and correspondence relating to any matter that is the subject of an audit;
- require and receive such explanations as may be considered necessary from any officer of the Partner regardless of their position;
- require any officer of the Partner to produce forthwith cash, stores or any other property under their control.

for the Partner in which the internal audit service is being provided.

3.3 Internal Audit work will normally include, but is not restricted to:

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- review and assess the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, and quality of data;
 - reviewing the means of safeguarding assets;
 - examine, evaluate and report on compliance with legislation, plans, policies, procedures, laws and regulations;
 - promote and assist the Partner in the effective use of resources
 - examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Partner and recommend arrangements to address weaknesses as appropriate;
 - advise upon the control and risk implications of new systems or other organisational changes.
 - provide a 'critical friend' to assist services to achieve value for money
 - undertake independent investigations into allegations of fraud and irregularity in accordance with the Partner's policies and procedures and relevant legislation
 - at the specific request of management¹, internal audit may provide consultancy services provided:
 - the internal auditors independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management¹ have made proper provision for resources within the annual plan
 - management understands that the work being undertaken is not internal audit work.
- 3.4 IA's remit extends across the entire control environment of the organisation and is not limited to certain aspects or elements.
- 4. Responsibility of Management¹ and of Internal Audit.**
- 4.1 At all times internal audit will operate in accordance with the partner's Constitution and legal requirements and all internal audit staff will adhere to recognised Professional Standards and Codes of Conduct and Ethics e.g. the Institute of Internal Auditors' and/or CIPFA as well as the Partner's Codes of Conduct and Anti-Fraud and Corruption Policies.
- 4.2 It is the responsibility of Management to put in place adequate controls to ensure systems meet their objectives and that they are notified without delay of any instances where systems are failing to operate properly. However, where there has been, or there are grounds to suspect that there is risk of a

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- serious breakdown in a significant system, the Head of Service should be informed of the problem and any counter measures already in hand or proposed, as quickly as possible, in order that the Head of Internal Audit Shared Service can decide whether audit involvement is needed.
- 4.3 Similarly, it is the responsibility of Management to put in place adequate controls to prevent and detect fraud, irregularities, waste of resource, etc. Internal Audit will assist Management to effectively manage these risks. However, no level of controls can guarantee that fraud and the like will not occur even when the controls are performed diligently with due professional care. As a consequence all cases of actual or suspected fraud should be reported to the Head of Internal Audit Shared Service forthwith. The Head of Internal Audit Shared Service will then decide the course of action to be taken with due regard to the Partner's Constitution, e.g. Whistleblower's Charter, Stopping Fraud and Corruption Strategy, etc.
- 4.4 Any officer of a partner organisation who has genuine concerns at raising a suspected instance of fraud or malpractice through their normal reporting channels can raise the matter under the Partner's Whistleblower's Charter directly with any of the persons named in the policy document, including the Head of Internal Audit Shared Service. Head of Internal Audit Shared Service will then pursue the matter in accordance with the provisions of the policy document.
- 4.5 Internal audit is not responsible for any of the activities which it audits. WIASS will not assume responsibility for the design, installation, operation or control of procedures. However, should any partner/client contract for specialist services within an area then the WIASS staff member assigned will not be asked to review any aspect of the work undertaken until two years have passed from the completion of the assignment.
- 4.6 The Head of Internal Audit Shared Service will ensure that the relevant Head of Service and/or Section 151 Officer is briefed on any matter coming to the attention of internal audit, either through a review or otherwise, that could have a material impact on the finances, create an unacceptable risk or be fraudulent for the Partner as quickly as possible, and will ensure the appropriate Officer of the Authority e.g. Director, Monitoring Officer is regularly briefed on the progress of audits having a corporate aspect. Matters involving fraud or malpractice are to be reported in line with the anti-fraud and corruption policy. The most appropriate action/engagement of the relevant Head of Service will be determined by the HoWIASS depending on the circumstances.

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- 4.7 In order to (1) maintain a broad skills base within Internal Audit and (2) maximise the ability of the team to offset the cost of providing the internal audit function to the Partner, the strategic plan will include a commitment that internal audit obtains income to the Partner from external work either from partnership working and/or selling its expertise. Such activities will be governed by targets set out in the Collaborative Administrative Agreement and will be approved and reported on to the Client Officer Group.

5. Planning and Reporting

- 5.1 To meet the objectives above, the Head of Internal Audit Shared Service shall:-
- a) prior to the beginning of each financial year, following consultation with Management¹ and after taking into account comments from Members arising from the reporting process set out below, provide the Committee with:
- a risk based audit plan forecasting which of the Partner's activities are due to receive audit attention in the next 12 months. The risk based plan will take into consideration a number of risk factors including corporate risk register, service risk register, local knowledge, corporate promises or objectives, key strategic documents e.g. five year plan and any external audit guidance. Where there is a potential difference between strategy/plan and resource this is reported to the Board²;
 - a detailed operational plan using a risk based assessment methodology showing how/what resources will be required/allocated in the coming financial year in order to meet the requirements of the Partners strategic plans. The Plans will be flexible and include a small contingency contained as part of the consultancy budget to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc. The Head of Internal Audit Shared Service will bring to the attention of the s151 Officer if this budget is depleted so an additional contingency can be agreed. 'Consultancy', for the purposes of WIASS activity, is defined as work that is of a specialist nature and commissioned/requested in regard to an area of work activity within a service area that is in addition to the agreed partners audit plan. The work can be financial or governance based and the output will provide management¹ with challenges to consider

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depending on its nature. The approach to the assignment can be flexible but follow a similar path in regard to the methodology.

- b) during the course and at the close of each financial year provide the Board² with:
- quarterly progress reports on actual progress compared to the plan and performance indicators. Such reports to highlight serious problems, either affecting the implementation of the plan, or, in the take up of audit recommendations;
 - an annual report summarising the overall results for the year compared to the plan and pointing out any matters that will impact on internal audit's ability to meet the requirements in the strategic plan;
- c) during the course and close of each full systems/risk audit provide the client manager¹ with:
- a copy of an audit brief and audit information request setting out the objectives and scope of the audit prior to commencement of the audit and a confirmation of resource requirements for the audit.
 - draft recommendations, which will be discussed with the responsible manager¹ prior to sending the draft audit report. The manager¹ is responsible for confirming the accuracy of the audit findings and is invited to discuss the report during the 'clearance' meeting prior to the issue of the draft report.
 - an audit report containing an overview of the quality of the control system, an opinion as to the level of system assurance and detailed findings and recommendations including priority. 'Assurance', for WIASS purposes, is defined as the determination of an overall outcome against a predetermined criteria leading to an applied level giving an overall summary for the work audited.
- d) shortly after the close of each financial year provide for the purposes of the Annual Governance Statement:
- an annual audit opinion of the Partner's system of controls based on the audit work performed during the year in accordance with the plans at 5.1(a) above and reported in accordance with 5.1(b) and (c) above and on the assurance methodology adopted, and, a statement of conformance with the Public Sector Internal Audit Standards and the results of quality assurance and improvement programme.

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5.2 Expectations of Clients:

Managers and staff should co-operate with the Auditors, and responses should be made to draft reports as outlined at 3 above. Responses should include an action plan, dates for action and responsibility where actions are delegated. The final 'High' and 'Medium' recommendations will be reported to the Board².

5.3 Audit reports will be drawn up following the internal audit report framework. A matrix type report displaying audit findings, risks and recommendations along with a column for management comments, as per 5.1(c), will be provided to management¹. The report will also contain an introduction and priority categories for each of the recommendations. A covering report will be attached to the matrix providing details of the partner organisation, circulation, audit scope and objectives, an audit opinion, an executive summary and an audit assurance rating as well as a clear indication of what action is required by management.

5.4 Upon completion of audits, the audit exceptions will be discussed with the relevant line manager and will form the basis of the draft audit reports. The draft audit reports are issued to the relevant line managers for them to confirm the accuracy of the audit findings and content. Managers are invited to contact the Auditor if they wish to discuss the report and asked to show their response in the form of an action plan to each recommendation on the draft report. For accepted recommendations, dates for action or implementation are recorded. The managers' responses are recorded in the final reports that are issued to the appropriate Management¹ officers as deemed relevant for the audit.

5.5 In accordance with professional standards, after three/six months from the date of issue of the final report, follow-up audits are undertaken to ensure that the agreed recommendations and action plans have been implemented, or, are in the process of being implemented. A formal follow up procedure / methodology is used to follow up audit reports and reported on an exceptions basis.

5.6 Internal Audit works to the reporting quality standards of:

- draft audit reports to be issued within 5 working days of the clearance meeting;
- management responses received within 10 working days;
- final audit reports to be issued within 5 working days of the final discussions of the draft audit report and receipt of management responses;

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- final reports to be followed-up initially within 3 to 6 months of the date issue of the final audit report depending on the recommendation priority and residual risk, to ensure that the accepted recommendations due for implementation have been established.
- 5.7 Escalation for late or non return of audit reports will be instigated when after two requests the reports have not been provided by management. The escalation will commence with the s151 Officer being informed of the late return. If the report remains outstanding then the Board² will be informed of the inaction with a view to them calling in the Officer to justify the late return.

6. 7 Principles of Public Life and how WIASS interprets and applies them.

1. Selflessness - protecting the public purse and ensuring all actions taken are solely in the public interest.

2. Integrity - completely independent and above undue bias or influence in the work that we do.

3. Objectivity – demonstrate impartiality and fairness in all aspects of our work and when reporting uses only the best evidence without discrimination or bias.

4. Accountability – provide transparency and assurance holding people to account in regard to decisions and actions and provide assurance to those in governance roles.

5. Openness – to promote and ensure through good governance that decisions are taken in an open and transparent manner and no information is withheld from the public unless there are clear and lawful reasons for so doing

6. Honesty – to provide independent assurance to those in governance of confirmation of truthfulness

7. Leadership – through the audit work actively promotes and robustly supports the principles and shows a willingness to challenge poor behaviour wherever it occurs.

For further information on the principles of public life:

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

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7. Core Principles for Professional Practice and how WIASS interprets and applies them.

1. Demonstrates integrity:

WIASS works independently, without influence or undue bias. The audit plan is created so that there are no conflicts of interest between the officer and the audit. Potential conflicts of interest are formally checked annually with all members of the WIASS team. Areas of risk for WIASS are identified and mitigated. Potential areas of risk include, but are not limited to, auditors re-auditing Risk Management, NFI, and Regulatory Services in consecutive years and Services that they have transferred from. Officers that have conflicts of interest, or if they are / have been working in the area of audit, will not undertake any audits in the conflicting area for a minimum of three years, safeguarding the officers and WIASS' integrity. Further protection is in place by using randomly selected testing samples and a series of independent review stages. All audit working papers, reports and findings are reviewed and if necessary challenged before being issued to the client by either the Head of Service or Team Leader.

2. Demonstrates competence and due professional care:

All reports are reviewed and signed off by either the WIASS Head of Service or Team Leader both of which are highly qualified and governed by professional institution standards. Regular 1-2-1 meetings are held with each officer to ensure progress and personal development. An "open door" culture is adopted throughout WIASS allowing all team members to ask for assistance advice and support at any time. Training (both in-house and external) is available and is provided should it be deemed relevant and appropriate by Head of Worcestershire Internal Audit Shared Service (HoWIASS) / Team Leader.

3. Is objective and free from undue influence:

Independence and safeguarding is a key element of internal audit provision. All WIASS staff are vetted via the Basic Disclosure Check, as well as making a Declaration of Interest on an annual basis declaring any potential conflicts of interest with upcoming audit programme and the partners that WIASS work with. No auditor, who has transferred from a Service, will audit that Service for a minimum of three years. The Service is organisationally independent for all Partners. Although the HoWIASS reports directly to the s151 Officers of the Partner organisations the role has direct and unrestricted access to the senior management team and Committee Chair. The Client Officer Group, who governs the Service, meets on a quarterly basis and is made up of the Partner s151 Officers. They each have an equal vote and consider the strategic

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direction of the Service as well as progress and performance. Further independence and safeguard checks are reported throughout this Charter in the form of checks, actions and process.

4. Aligns with the strategies, objectives, and risks of the organisation:
The audit plan and it's content is discussed with Management¹ and s151 Officers to ensure that risks are identified; appropriate processes, systems and strategies are tested and that areas of risk are monitored and mitigated. Corporate and service risk registers are used along with corporate knowledge and the promises and objectives. Five year plans are also considered as part of the risk profiling and plan definition.
5. Is appropriately positioned and adequately resourced:
As a shared service, WIASS is hosted by Worcester City Council, but audit allocations ensure a presence in all authorities that it serves across the year. Resources are monitored and tracked throughout the annual audit plan, with forecasting used as often as possible to prevent resources becoming too stretched resulting in reduced coverage. WIASS is governed by a Client Officer Group made up from the Partner s151 Officers but also has direct access to Management¹ and the Board² Chairs. Delegated powers are used should there be any resourcing issues.
6. Demonstrates quality and continuous improvement:
Continuous monitoring of the teams performance via trackers is conducted. Quarterly and annual reports are issued to committee and board members demonstrating trends in productivity and value. Individual reviews via 1-2-1 meetings are held monthly with the Team Leader and include personal development plans for all team members. Improvements and changes will also be made using external assessment as well as internally generated client feedback forms. A self assessment will be completed each municipal year to further provide assurance of quality and improvement. The Service is working with partners to ensure that it continues to provide a 'fit for purpose' Service by developing techniques that will complement requirements, continue to add value and work in a changing environment e.g. critical friend reviews. There is a continuous desire to ensure that the Service changes and adopts best practice methods as identified by the professional institutions e.g. IIA, CIPFA.
7. Communicates effectively:
Various forms of communication are adopted (verbal, written, diagram / graph) throughout the review process by all members of the WIASS team. Continued monitoring and improvements to the methodology are conducted, making the report and testing documents clearer for all users. Findings are

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discussed verbally with management¹ prior to the issue of a formal report. Reports are issued to Officers and Committee¹ on a regular basis.

8. Provides risk-based assurance:

The audit plans are risk based with reviews being classified from high to low risk. The review scope is risk based which drives the review without creating restrictions on the areas covered. All findings are rated high, medium or low risk. Risks associated with the findings are linked directly to the recommendation and the management action to mitigate it. The review risk is combined to create the overall assurance level of the audit, which will be presented to the client with explanation and reasoning in the form of a report.

9. Is insightful, proactive and future-focused:

Insightful – where possible WIASS officers with relevant background experience will be assigned to conduct audits in similar fields. Continued monitoring of current “audit and fraud affairs” is distributed to all WIASS team members. A sharing of knowledge is encouraged in the Service and pre-engagement research. Identification of best practice is shared amongst the authorities. Reports identify areas that are working well as well as those that require improvement. Reviews look for efficiencies and better ways of working.

Proactive – scoping meetings are held for all audits allowing for changes to the audit scope in line with changes in service delivery and legislation between annual planning and audits starting. There is also an ability to vary the plan should an emerging risk present itself using delegated powers so the audit service can be proactive in providing assurance to those in governance. Consultancy days are built into the plans to allow for pre implementation of new system/process advice.

Future-focused – The Service will scan the horizon for risks and issues that are emerging. Networking using, for example, the Midlands Audit Group is used to help inform the audit plans and consultancy assignments to provide information to the partners before it becomes a potential issue for them. Monitoring of the next generation initiatives from Central Government and having a team of auditors aware of the potential risks and impact along with environmental control issues will assist in adding value for our partners.

10. Promotes organisational improvement:

Ethics and culture are key aspects to organisation improvement. WIASS reviews consider ethical and cultural aspects and the potential impact and associated risk. Liaison with s151 Officers, Senior Management Teams and governance boards where applicable to promote continuous organisational development. Audit Reports are issued to management¹ to ensure oversight

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of the organisation and areas of concern including common themes are looked at and improved on. High and Medium priority findings are followed up after a 3 or 6 month period respectively using an established methodology to ensure that potential risks are being mitigated and there is continuous improvement. Findings will be followed up until such time that they are satisfied. Follow up on findings will be documented and reported to Management, Heads of Service and or the appropriate s151 to give assurance of action and risk mitigation.

For further information please reference:

<https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-Professional-Practice-of-Internal-Auditing.aspx>

8. External Relationships

8.1 The main contacts are with:

- Institute of Internal Auditors
- External Auditors
- Local Authorities in the Worcestershire area
- Local Authorities in the Midlands area
- Organisations within the Exeter Benchmarking Group
- CIPFA (publishers of the systems based auditing control matrices written by Exeter IA section)
- National Fraud Initiative via DCLG and Cabinet Office

but may include other external parties as necessary.

8.2 Assurance will be accepted and reported from 3rd parties as long as WIASS can rely on their work, and they are suitably qualified to carry out the assessment. The relevance of the work will also be a consideration in using a 3rd party certification e.g. IT integrity testing.

8.3 Where work is undertaken on a contractual basis assurance will be provided to 3rd parties outside of the partnership as appropriately agreed. The methodology applied to audit 3rd party organisations will be the same as the methodology used for the members of the partnership. All of the safeguards used to protect the integrity of the audits carried out for the partnership will be extended to 3rd parties as well and appropriate reporting protocols

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established as part of any contractual agreement. These will be established as part of the engagement with a clearly identified engagement officer and requirements. No contract will be entered into if it is considered that the independence or integrity of the Service will be compromised. If, during the delivery of a contract, it becomes apparent that there is undue influence being brought to bare and/or that the actions of the client is undermining the ethos of internal audit the HoWIASS will inform the Client Officer Group without delay so a strategic decision can be made to avoid any potential reputational damage or compromised independence. Any assurances provided to 3rd Parties will be based on the established internal methodology and the defined definitions of the different levels and priorities.

Notes

- a) In the absence of the Head of Internal Audit Shared Service all provisions relating to him/her above will apply to the relevant Team Leader in accordance with the duties allocated by the Head of Internal Audit Shared Service.

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Version Control:	Date of Change	Action	Updated by
1.0	2 nd March 2012	Charter for WIASS	AB
2.0	9 th August 2012	Update to Charter	AB
3.0	23 rd April 2013	Update to Charter re. International Standards	AB
4.0	21 st Janaury2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1 st July 2016	Update re. titles and definition of 'consultancy' and 'assurance'.	AB
6.0	April 2017	Full review in line with Standards	HT
7.0	May 2017	COG suggestion: Update of H&WFRS name to reflect legal entity & 'Council's' to 'Partners'.	HT
8.0	June/July 2018	External Assessment recommendations: Update to Mission & Definition Inclusion of 3.4, IA remit Update to 4.6 regarding HIASS responsibility on briefing Inclusion of 5.7, escalation for late and non return audit reports Inclusion of 6 – Principle of Public Life Inclusion of 7 – Core Principles of Public Practice Inclusion of 8.2, assurance from 3 rd Parties Inclusion of 8.3, assurance to 3 rd Parties	HG, AB, HT
9.0	June 2021	Review of Charter	AB

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Appendix 5

Quality Assurance Improvement Plan for 2020/21 onwards.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Date of Completion	Latest Position
1	1000	Updated Charter and Partner approval.	To review and update as appropriate, and present to COG and Partner Committees for approval.	Head of Internal Audit & Team Leader	Sep-21 (Annual Reports)	Ongoing	Presented to Committee July 2021
2	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24	Ongoing	March 2021: An Auditor is undertaking IIA training.
3	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-22	Ongoing	March 2021: Extended deadline due to the impact of the pandemic and the new normal. Ongoing monitored
4	2500.A1 - Follow Up	More efficient and timely follow up regarding reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Sept-22	Ongoing	March 2021: Extended deadline due to the impact of the pandemic and the new normal Being monitored and discussed as 1:2:1s
5	2010.A1 - Annual Risk Assessments	More effective implementation of Annual Risk Assessments into the annual planning and use within individual audits.	To review the current process of using the annual risk assessments and how inclusion into annual planning and audit planning can be improved.	Head of Internal Audit / Audit Team Leader	Nov-20	Complete 30 th November 2020	All office risk assessments have been reviewed. Risk assessments have been drafted for COVID associated office risks when visiting Partner offices.

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							Home risk assessments have been completed. Actions identified have been completed.
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THE 2021/22 INTERNAL AUDIT PLAN REPORT OF THE HEAD OF INTERNAL AUDIT SHARED SERVICE, WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Head of Finance and Customer Services
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- the Bromsgrove District Council Internal Audit Draft Operational Plan for 2021/22
- the key performance indicators for the Worcestershire Internal Audit Shared Service for 2021/22

2. RECOMMENDATIONS

2.1 **The Committee is asked to approve the Audit Plan subject to any comments / proposed changes.**

2.2 **The Committee is asked to approve the Key Performance Indicators.**

3. KEY ISSUES

Financial Implications

3.1 There are no direct financial implications arising out of this report.

Legal Implications

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

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To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards (as amended) details that “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”.

Service / Operational Implications**Internal Audit Aims and Objectives**

3.3 The aims and objectives of the Worcestershire Internal Audit Shared Service are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the council and recommend arrangements to address weaknesses as appropriate;
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
- advise upon the control and risk implications of new systems or other organisation changes e.g. transformation.

Formulation of Annual Plan

WAISS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The Internal Audit Plan for 2021/22, which is included at Appendix 1, is a risk based plan which takes into account the adequacy of the council's risk management, performance management, other assurance processes as well as organisational objectives and priorities. It has been based upon the risk priorities per the Corporate and Service risk registers. Large spend budget areas have also been considered, and, direct association has been made to the organisational objectives and priorities. The Internal Audit Plan for 2021/22 has been agreed with the s151 Officer, considered by the Senior Management Team and is brought before Committee in draft form. It has been formulated with the aim to ensure Bromsgrove District Council meet its strategic purposes, delivers its promises and has directly linked the various aspects to identify the 'golden thread' regarding the objectives and risk identification to Service delivery. It was brought before the Audit, Standards and Governance Committee in draft format as the involvement of the Committee is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the

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Council's Annual Governance Statement. The plan also reflects the impact the pandemic had during 2020/21 including some rolled forward reviews as well as the potential risks regarding the new normal along with the implementation of the new system.

We recognise there are other review functions providing other sources of assurance, both internally and externally, (e.g. ICT Public Service Network assurance testing) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is available to the external auditors for information.

By bringing a plan of work before the Audit, Standards and Governance Committee which had been formulated with the aim to ensure Bromsgrove District Council meets its strategic purposes it allows Members to have a positive input into the audit work programme for 2021/22 and make suggestions as to where they feel audit resources may be required under direction of the s151 Officer and within the finite resource available. Due to the continuing changing environment that exists in Local Government the plan must be seen as a framework for internal audit work for the forthcoming year. There is a need for improved flexibility in the plan due to a constantly changing risk profile. To ensure flexibility there is the possibility that the plan will be updated during the year in order to address such challenges and any emerging risks. It is planned that a regular review before Senior Management Team will take place to ensure the audit plan remains risk focussed and any required changes can be considered.

Resource Allocation

The Internal Audit Plan for 2021/22 has been based upon a resource allocation of 230 chargeable days, an allocation which has been agreed with the council's s151 Officer. A summary of the days as well as the detailed plan provision has been included at Appendix 1. Although all areas have been considered an assessment has been made whether to include in the plan based on the overall risk and governance profile. Areas that are considered to have a 'high' priority will be targeted first regarding the plan delivery. The Head of Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts. The 230 day allocation is based on transactional type system audits.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Bromsgrove District Council and Redditch Borough Council the plan continues to be organised in a smarter way to exploit the efficiencies

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that this type of working provides. Although the audit areas will have an allocation of audit days the reviews will continue to be more cross cutting than before and will encompass the different service perspectives that the Services need to deliver (e.g. the customer journey impacts on the majority of service areas so the audit review will consider this). All or part of the budgeted days will be used on a flexible basis depending on the risk exposure the result being better corporate coverage and ownership of the audit outcomes.

Due to both external and internal audit findings the financial systems have been included as audit areas as it is considered certain risks remain in these areas. It is hoped that in time a 'watching brief' approach can be adopted when there is a confidence in the new financial system, an embedded process of control and anti fraud measures thus leading to a reduction in the allocated days. However, during 2021/22 this will not be the case due to the ERP new system implementation. Operational support days are included to give a little flexibility and contingency in the plan e.g. consultancy but are necessary to support the delivery of the plan as a whole.

The Internal Audit Plan for 2021/22 is set out at Appendix 1.

Monitoring and reporting of performance against the Plan

Operational progress against the Internal Audit Plan for 2021/22 will be closely monitored by the Head of Internal Audit Shared Service and will be reported to the Shared Service's Client Officer Group (which comprises the s151 officers from partner organisations), and, to the Audit, Standards and Governance Committee on a quarterly basis.

The success or otherwise of the Internal Audit Shared Service will be determined by the performance against a set of key performance indicators which have been developed for the service. These have been agreed with the council's s151 Officer and are included at Appendix 2 for 2021/22. It is envisaged that these will be revised during the year in conjunction with the s151 Officer.

Customer / Equalities and Diversity Implications

There are no implications arising out of this report.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

failure to complete the planned programme of audit work for the financial year; and,

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the continuous provision of an internal audit service is not maintained.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan 2021/22
Appendix 2 ~ Key performance indicators 2021/22

6. BACKGROUND PAPERS

None

7. KEY

N/a

AUTHOR OF REPORT

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APPENDIX 1

SUMMARY OF DETAILED PLAN

Planned Days	2021/22
Financial	68
Corporate Work	62
Service Delivery and Operational	64
Sub total	194
Audit management meetings	15
Corporate meetings / reading	5
Annual plans, reports and Audit Committee support	16
Sub total	36
TOTAL Audit Days	230

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2021/22 Internal Audit Plan

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority	Include in 2021/22 Plan	Original Resource 2020/21 Comparison	Proposed Resource 2021/22	Indicative Planned Qtr.
FINANCIAL							
Debtors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High	<input checked="" type="checkbox"/> *	9	12	1 to 4
Main Ledger/Budget Monitor/Bank Rec (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High	<input checked="" type="checkbox"/> *	10	14	1 to 4
Creditors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High	<input checked="" type="checkbox"/> *	9	12	1 to 4
Treasury Management (incl. Asset & Acquisitions) Light Touch (note 2)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High	<input checked="" type="checkbox"/> *	6	4	2
Council Tax	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High	<input checked="" type="checkbox"/> *	8	8	3
Benefits (Transformation)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High	<input checked="" type="checkbox"/> *	10	10	3
NNDR	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High	<input checked="" type="checkbox"/> *	8	8	3
Sub TOTAL					60	68	

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Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority	Include in 2021/22 Plan	Original Resource 2020/21 Comparison	Proposed Resource 2021/22	Indicative Planned Qtr.
CORPORATE							
IT Audit (Server patching and disaster recovery) (note 3)	Fundamental to strategic purpose delivery	ICT 7 & ICT 8	Medium	<input checked="" type="checkbox"/> *	8	9	4
Risk Management (Critical Friend Support) (note 4)	Fundamental to strategic purpose delivery	S151 request	Medium	<input checked="" type="checkbox"/> *	6	10	4
Health and Safety (Training Documentation including Operations and action plan monitoring)	Fundamental to strategic purpose delivery	Non-compliance with Health and Safety requirements	Medium	X	7		
Procurement (note 5)	Fundamental to strategic purpose delivery		Medium	<input checked="" type="checkbox"/> *	8	9	4
GDPR - Security of electronic data (note 6)	Fundamental to strategic purpose delivery	N/a	Medium	<input checked="" type="checkbox"/> *	8	9	2
Orb	Fundamental to strategic purpose delivery	N/a	Low	X	9		
Use of agency and consultants	Fundamental to strategic purpose delivery	N/a	Low	X	9		
Projects (note 3)	Fundamental to strategic purpose delivery	N/a	Medium	<input checked="" type="checkbox"/> *	11	12	2
Disabled Facility Grants	Enabling	N/a	Medium	<input checked="" type="checkbox"/> *		3	2
Grants (various)	Enabling	N/a	High	<input checked="" type="checkbox"/> *		10	2

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Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority	Include in 2021/22 Plan		Original Resource 2020/21 Comparison	Proposed Resource 2021/22	Indicative Planned Qtr.
Sub TOTAL						66	62	
SERVICE DELIVERY								
Environmental								
Refuse Service scalability (new builds) (Critical Friend) (note 3)	Keep my place safe and looking good	Env 24	Low/Medium	<input checked="" type="checkbox"/> *		6	7	4
Leisure								
Markets	Help me run a successful business	N/a		X		10		
Worcester Regulatory Services								
(note 3)	Statutory and Regulatory Requirement	Head of Service request	Medium	<input checked="" type="checkbox"/>		10	15	4
Sub TOTAL						26	22	
Other Operational Work								
Advisory, Consultancy & Contingency	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		10	10	
Fraud & Investigations incl. NFI	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		10	10	
Completion of prior year's audits	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		8	8	
Report Follow Up (all areas)	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		10	10	

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Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority	Include in 2021/22 Plan		Original Resource 2020/21 Comparison	Proposed Resource 2021/22	Indicative Planned Qtr.
Statement of Internal Control	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		4	4	
Sub TOTAL						42	42	
Audit Management Meetings	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		15	15	
Corporate Meetings / Reading	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		5	5	
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a	<input checked="" type="checkbox"/>		16	16	
Sub TOTAL						36	36	
TOTAL CHARGEABLE						230	230	

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th JULY 2021

Explanatory Notes:

*As part of the increasing joint and shared service working between Bromsgrove District Council and Redditch Borough Council the audit budgets and areas will feature in both internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.

The customer journey will be considered overall as part of the service audits.

Note 1: New financial system therefore audit budget increase.

Note 2: Light touch due to improved processes.

Note 3: Rolled from 2020/21.

Note 4: Risk management relaunch reviewing ongoing progress against action plan and reporting.

Note 5: Rolled from 2020/21. Consultant outcome - reviewing action plan delivery.

Note 6: Previous audit was a 'limited' assurance outcome.

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th JULY 2021

APPENDIX 2

Performance against Key Performance Indicators 2021-2022

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2021/22. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement	2021/22 Position (as at XXXXXXX)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Target = Minimum of 12	Delivered = XX	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan days	XX	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual average aspirational target 74%)	XX	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	XX <i>(previous year figure)</i>	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	XX <i>(previous year figure)</i>	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (<5%)	XX	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	XX	When Audit Committee convene

WIASS conforms to the Public Sector Internal Audit Standards (as amended).

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MONITORING OFFICER'S REPORT

Relevant Portfolio Holder	Councillor Geoff Denaro – Portfolio Holder for Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Yes
Report Author Claire Felton	Job Title: Head of Legal, Democratic and Property Services Contact email: c.felton@bromsgroveandredditch.gov.uk Contact Tel: 01527 881429
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An Effective and Sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Standards and Governance Committee is asked to RESOLVE that:-

1) subject to members' comments, the report be noted

2. BACKGROUND

- 2.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Standards and Governance Committee since the last update provided at the meeting of the Committee in March 2021.
- 2.2 It has been proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by the Parish Councils'

Audit, Standards & Governance Committee 2021

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Representative(s), will be reported on orally by Officers/the Parish Representative(s) at the meeting.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications arising out of this report.

4. LEGAL IMPLICATIONS

4.1 Chapter 7 of Part 1 of the Localism Act 2011 ('the Act') places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 It is important to ensure that the Council manages standards regime matters in an appropriate manner. The issues detailed in this report help to ensure that there is an effective and sustainable Council.

Climate Change Implications

5.2 There are no specific climate change implications

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 are available on the Council's website and from the Monitoring Officer on request.

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Operational Implications

6.2 Member Complaints

Since the last meeting of the Committee, all complaints have now been resolved locally and no new ones received since the last meeting.

The New Normal

- 6.3 The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 No.392 enabled Councils to hold virtual meetings in 2020 and early 2021. The regulations in respect of remote meetings only applied until 6th May 2021. As a result, from 7th May 2021 formal Committee meetings needed to take place physically once more.
- 6.4 In April 2021 the High Court considered a case brought by Hertfordshire County Council, Lawyers in Local Government (LLG) and the Association of Democratic Services Officers (ADSO) which challenged the requirement the return to holding committee meetings in person. The High Court ruled that primary legislation was required to enable formal committee meetings to be held virtually in England and therefore Councils had to return to convening these meetings in person from 7th May 2021 onwards. In a post-script to this the High Court subsequently ruled that the public must be provided with physical access to meetings held in person though it was recognised that this needed to be organised in a safe manner.
- 6.5 In organising meetings to be held in person, the Council had to ensure compliance with social distancing rules. An officer working group was established to review meeting arrangements for committee meetings that would take place in person. As part of this work the group took into account the information provided in the Ministry of Housing, Communities and Local Government Covid-19: Guidance for the safe use of Council buildings which referred to the social distancing arrangements and how these and other mitigating measures could safely be implemented in a physical committee meeting environment.

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In line with this guidance meetings held between 17th May 2021 and 21st June (subsequently extended to 19th July when the deadline for the Roadmap out of Lockdown was altered) are being organised so that attendees sit one metre apart when wearing face masks or 2 metres apart if they are exempt from wearing face masks and/or are wearing a visor.

- 6.6 Taking into account social distancing rules the Council can accommodate the majority of Council meetings in the Parkside Suite. However, there is not sufficient capacity in the Parkside Suite to accommodate Full Council meetings whilst social distancing measures remaining in place. Therefore, Council meetings during this time have needed to take place at an external venue where there is greater capacity. For example, on 19th May 2021 the Annual Council meeting took place at the Ryland Centre.
- 6.7 In-depth and refresher training for Planning was offered to Members in May 2021. This training took place online and was facilitated by the Head of Planning, Regeneration and Leisure Services and other Planning officers. A further Planning Refresher training session was offered to Members that were unable to attend training in May 2021.
- 6.8 The Member Development Steering Group met on 21st June 2021. During this meeting training needs were discussed and a requirement for the additional Planning refresher session was agreed. The Group also considered the content of the draft Members' ICT Policy. Further meetings of the group are due to take place later in the year.
- 6.9 The Constitution Review Working Group continues to meet regularly. Any recommendations arising from meetings of this group will be reported to Council for Members' consideration.

7. RISK MANAGEMENT

- 7.1 The main risks associated with the details included in this report are:
- Risk of challenge to Council decisions; and
 - Risk of complaints about elected Members.

8. APPENDICES and BACKGROUND PAPERS

**Audit, Standards &
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No appendices.

Chapter 7 of the Localism Act 2011.

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro – Portfolio Holder for Governance	
Lead Director / Head of Service	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	30/06/2021
Financial Services	N/A	
Legal Services	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	30/06/2021
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2021

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LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

Relevant Portfolio Holder	Councillor Geoff Denaro, Portfolio Holder for Finance and Enabling (including Governance/Policy and Performance/HR)
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services
Report Author Jess Bayley	Job Title: Jess Bayley, Senior Democratic Services Officer Contact email: jess.bayley@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252 Ext: 3268
Wards Affected	All Wards
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An effective and sustainable Council.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Committee is asked to **RESOLVE** that

- 1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;
- 2) the Audit, Standards and Governance Committee grant a dispensation under Section 33 (2) of the Localism Act 2011 to allow Members to address Council and Committees in circumstances where a member of the public may elect to speak;
- 3) subject to the caveat set out in paragraph 4.9 of this report in relation to setting the Council's Budget, the Audit, Standards and Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and

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vote at Council and Committee meetings when considering the setting of:

- a) the Budget;
 - b) Council Tax;
 - c) Members' Allowances; and
 - d) Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the District;
- 4) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and
- 5) it be noted that the dispensations referred to at resolutions (1), (2) and (3) will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next District Council Elections in 2023 unless amended by the Committee prior to that date.

2. BACKGROUND

To consider the granting of any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and which will be detailed by the Monitoring Officer at the meeting. To also consider granting General Dispensations and Outside Body Appointment Dispensations.

3. FINANCIAL IMPLICATIONS

3.1 None.

4. LEGAL IMPLICATIONS

4.1 Section 33 of the Localism Act 2011 provides that dispensations can be granted in respect of Disclosable Pecuniary Interests (“DPIs”).

4.2 Section 33 (1) requires that a Member must make a written request for a dispensation.

4.3 Section 33 (3) provides that a dispensation must specify the period for which it has effect and that period may not exceed 4 years.

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Service / Operational Implications

Background

- 4.4 Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.
- 4.5 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted “only if, after having regard to all relevant circumstances” the Committee considers that one of those situations applies. The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee.
- 4.6 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –
- “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
 - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
 - (c) considers that granting the dispensation is in the interests of persons living in the authority’s area,
 - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority’s executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority’s executive, or
 - (e) considers that it is otherwise appropriate to grant a dispensation.”
- 4.7 Since the introduction of the current standards regime in 2012, the Audit, Standards and Governance Committee has been responsible for considering the granting of dispensations in circumstances where the Monitoring Officer feels that a dispensation may be warranted. This

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function was previously carried out by the former Standards Committee.

- 4.8 Dispensations, all of which require the advance approval of the Committee and a subsequent written request from the Member to the Monitoring Officer, currently fall within three categories:
- (i) General Dispensations
 - (ii) Council Tax Arrears
 - (iii) Individual Member Dispensations
 - (iv) Outside Body Appointment Dispensations
- 4.9 It should be noted that under Section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members were affected by the provisions of section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail and any dispensation granted under this report would not apply.
- 4.10 The table below sets out the IMDs and Outside Body appointment dispensations that have been requested by Members. Further requests for dispensations may be made after the publication of the agenda for this meeting and will be reported by the Monitoring Officer for Members' consideration. Subject to approval by the Audit, Standards and Governance committee, these dispensations will apply until the next District Council elections in 2023 unless amended by the Committee prior to that date.

Councillor(s)	Relevant DPI	Reason for dispensation
S Baxter	Chairman of the National Association of local Councils.	To allow participation in debates involving Parish Councils within the district.
S Baxter	President of the Worcestershire County Association of Local Councils.	To allow participation in debates involving Parish Councils within the district.

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L. Mallett	Officer for Unison or spouse/partner to officer for Unison	To allow participation in debates concerning employment / staffing issues in relation to the authority
L. Mallett	Employee of CLIC Sargent	To allow participation in discussions in respect of the impact of cancer on children and young people.
A. Beaumont, S. Douglas, .J King, and S. Webb	Amphlett Hall Management Committee	To allow participation in debates concerning the Amphlett Hall generally but not in relation to funding issues.
S. Webb	Bromsgrove and Redditch Citizens Advice Bureau (CAB)	To allow participation in debates concerning the CAB generally but not in relation to funding issues.
M. Glass, M. Sherrey, P. Whittaker	The Artrix Holding Trust (Bromsgrove Arts Development Trust)	To allow participation in debates concerning the Artrix theatre generally but not in relation to funding issues.

The following additional dispensations have been requested by Members in the table below:

Councillor(s)	Relevant DPI	Reason for dispensation
J. Till	Bromsgrove and Redditch Citizens Advice Bureau (CAB)	To allow participation in debates concerning the CAB generally but not in relation to funding issues.
C. Hotham and M Middleton	The Artrix Holding Trust (Bromsgrove)	To allow participation in debates concerning the Artrix theatre

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	Arts Development Trust)	generally but not in relation to funding issues.
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4.11 In relation to IMDs, Officers have contacted all Members to ask whether they wish to seek to add any dispensations.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 The issues detailed in this report help to ensure that there is an effective and sustainable Council.

Climate Change Implications

5.2 None.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 None.

Operational Implications

6.2 None.

7. RISK MANAGEMENT

7.1 The granting of general dispensations by the Committee will, subject to receipt of a written request from Members for such a dispensation, clarify, for the avoidance of any doubt, Members' ability to participate in and vote at Council and Committee meetings on certain matters as part of the Council's decision-making process, where such Members have a DPI which would otherwise preclude them from so participating / voting.

8. APPENDICES and BACKGROUND PAPERS

- Section 33 of the Localism Act 2011.
- Section 106 of the Local Government Finance Act 1992.
- Reports to Standards Committee on 28th November 2012, 10th October 2013, 9th January 2014 and 9th October 2014.

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-
- Reports to Audit, Governance and Standards Committee on 16th July 2015, 16th June 2016, 15th June 2017, 23rd July 2018 and 30th July 2019.

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro, Portfolio Holder for Finance and Enabling (including Governance/Policy and Performance/HR)	June 2021
Lead Director / Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services	June 2021
Financial Services	N/A	
Legal Services	Clare Flanagan, Principal Solicitor	June 2021
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

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Report title: Annual Update Report on RIPA

Relevant Portfolio Holder	Councillor G. Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Report Author	Job Title: Clare Flanagan Contact email:clare.flanagan@bromsgroveandredditch.gov.uk Contact Tel: 01527 534112
Wards Affected	All
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	n/a
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. **RECOMMENDATIONS**

The Committee is asked to RESOLVE that:-

2.1 the Council’s RIPA Policy as updated and reviewed, be endorsed; and

2.2 the update on RIPA activity, described in this report, be noted.

NOTE Members are requested to read and review the Council’s policy electronically. No hard copy is available as previously, as a precaution against the spread of infection.

2. **BACKGROUND**

2.1 The Regulation of Investigatory Powers Act 2000 [“RIPA”] gave local authorities powers to conduct covert surveillance under certain circumstances. The Act also regulates the use ‘Covert Human Intelligence Sources’ [“CHIS”] and obtaining certain Communications Data.

2.2 The revised Code of Practice for Covert Surveillance and Property Interference, 2018, at paragraph 4.47, advised that elected members should, at least on an annual basis, review the RIPA policy and the authority’s use of the Act. This report is published in compliance with that requirement.

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- 2.3 Local Authority powers are at the lower end of the scale and changes in legislation since the Act was originally introduced, have resulted in further restrictions on their use:
- the use of surveillance restricted to criminal investigations;
 - the Protection of Freedoms Act 2012 required local authorities to get approval from the Magistrates Court for any proposed surveillance; and
 - the threshold for the level of crime being investigated was raised to include only 'serious crime' (as defined).
- 2.4 The regime is overseen by the Investigatory Powers Commissioner's Office, and includes inspections of organisations by an Inspector appointed by the Commissioner, usually about every three years.
- 2.5 Any organisation which has investigatory powers under RIPA is required to have in place a Policy governing all aspects of the regime, including the need for updating and officer training, regardless of whether the powers are exercised. The Council's Policy is regularly updated to comply with any changes in the legislation, guidance and codes of practice which apply to the regime. Changes are notified to the Council by an external RIPA expert, who also provides training and advice on RIPA issues.
- 2.6 From the outset, the Council's use of RIPA powers was always low. There were a number of reasons for this: A rigid process has to be followed to establish that a proposed surveillance activity is both "necessary" and "proportionate"; a senior officer has to evaluate the proposal against a number of criteria, and would then have to be referred to the Magistrates Court to be confirmed. If approved, there would have been major resource implications for any authorised surveillance to have been undertaken.
- 2.7 Since the changes introduced in 2012 as described in 2.3 above, the Council has not exercised its powers under RIPA at all. The Surveillance Commissioner has noted that in recent years authorities like ours have granted far fewer RIPA authorisations and some have granted none at all.
- 2.8 At the time of the Council's last physical inspection, in 2015, RIPA powers had not been exercised by the Council since 2012. In 2018, a further three years on, during which no RIPA activity had been undertaken, the Surveillance Commissioner conducted a remote, light-touch review.

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- 2.9 It is not possible for the Council to 'opt out' of the RIPA regime, which means that although we have not used these powers for years, we are still required by the Commissioner to keep our officers briefed on it, aware of its potential use and in the completion of applications and their approval. Corporate officer meetings are held every six months as part of the oversight and management of the regime and we can access the support of the external expert referred to at 2.5 above, when necessary.
- 2.10 The Council is a member of the National Anti-Fraud Network [NAFN], which is hosted by Thameside MBC and which provides data and intelligence services under the RIPA regime to public sector organisations in relation to fraud investigations. Over 90% of local authorities are members of NAFN. Membership enables the Council to avail of its expertise, without having to have our own staff for the purpose.

3. FINANCIAL IMPLICATIONS

- 3.1 None as a direct result of this report.

4. LEGAL IMPLICATIONS

- 4.1 The Council has not exercised its powers under RIPA since the last report to members in July 2020.
- 4.2 The only amendment made to the Policy has been the appointment of the Executive Director of Resources and s151 Officer, James Howse, as the Council's 'Senior Responsible Officer' for the RIPA regime, on taking up his appointment on 1 March 2021.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 'An Effective and Sustainable Council'

Climate Change Implications

- 5.2 None

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6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 There are no direct implications arising out of this report.

Operational Implications

6.2 Only as outlined in the report

7. RISK MANAGEMENT

7.1 The Council is required to comply with the statutory provisions and guidance governing the RIPA regime and any recommendation made by the Inspector on behalf of the Commissioner.

Officers need to be aware of the RIPA powers so that there is no risk of surveillance or CHIS activity being undertaken without the correct approvals being in place.

8. APPENDICES

None

BACKGROUND PAPERS

The Council's RIPA Policy

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr G. Denaro	18.06.2021
Lead Director / Head of Service	Claire Felton	18.06.2021
Financial Services	James Howse	18.06.2021
Legal Services	Clare Flanagan	author
Policy Team (if equalities implications apply)	n/a	
Climate Change Officer (if climate change implications apply)	n/a	

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

WORK PROGRAMME 2021/22

July 2021

- Election of Chairman
- Election of Vice Chairman
- Internal Audit – Annual Report
- Internal Audit – Audit Plan 2021/2022
- Standards Regime - Monitoring Officer's Report
- Dispensations Report
- RIPA Report
- Risk Register Update
- Risk Management Group Monitoring
- Annual Appointment of Risk Management Champion for the Committee
- Audit, Standards and Governance Committee Work Programme

October 2021

- Standards Regime - Monitoring Officer's Report
- Grant Thornton – Annual Audit Letter
- Grant Thornton – External Audit Plan 2021-2022
- Grant Thornton – Progress Report and Sector Update
- Grant Thornton - Housing Benefit 2020/2021 Certification Letter
- Internal Audit – Progress Report
- External Assessment Progress Report
- Treasury Outturn Report
- Financial Savings Monitoring Report
- Risk Register Update
- Update from the Risk Champion
- Audit, Standards and Governance Committee Work Programme

January 2022

- Standards Regime - Monitoring Officer's Report
- External Audit – Progress / Action Plan Update Report
- Internal Audit – Progress Report
- Financial Savings Monitoring Report
- Overall Risk and Corporate Governance Report
- Risk Champion's Verbal Update
- Audit, Standards and Governance Committee Work Programme

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