

**BROMSGROVE DISTRICT COUNCIL**

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

**21ST JULY 2022, AT 6.00 P.M.**

PRESENT: Councillors A. J. B. Beaumont, J. E. King, A. D. Kriss (Vice-Chairman, in the Chair), M. Middleton and C. J. Spencer

Observers: Neil Preece (via Microsoft Teams), Councillor G. N. Denaro (via Microsoft Teams), Councillor K. J. May and Councillor M. Thompson

Officers: Mr P. Carpenter, Mr. A. Bromage (via Microsoft Teams), Ms. C. Flanagan, Ms M. Howell (via Microsoft Teams) and Ms. A. Scarce (via Microsoft Teams)

1/2022

**ELECTION OF CHAIRMAN**

A nomination for the position of Chairman was received in respect of Councillor L. C. R. Mallett. As Councillor Mallett was not present, it was confirmed that he was in agreement to being nominated as Chairman.

**RESOLVED** that Councillor L. C. R. Mallett be elected Chairman of the Committee for the ensuing municipal year.

2/2022

**ELECTION OF VICE-CHAIRMAN**

A nomination for the position of Vice Chairman was received in respect of Councillor A. Kriss.

**RESOLVED** that Councillor A. Kriss be elected Vice Chairman of the Committee for the ensuing municipal year.

In the absence of the Chairman, Councillor Kriss, as Vice Chairman chaired the meeting.

3/2022

**APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received from Councillors L. Mallett, K. Van der Plank and P. Whittaker. There were no named substitutes.

4/2022

**DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any party whip.

5/2022

**TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 12TH APRIL 2022**

The minutes of the Audit, Standards and Governance Committee held on 12<sup>th</sup> April 2022 were submitted.

**RESOLVED** that the minutes of the Audit, Standards and Governance Committee meeting held on 12<sup>th</sup> April 2022 be approved as a correct record.

6/2022

**STANDARDS REGIME - MONITORING OFFICERS' REPORT**

The Principal Solicitor presented the Monitoring Officer's report and in doing so highlighted the following:

- There had been no new complaints, however one remained live.
- The Constitution Review Working Group continued to meet regularly as did the Member Development Steering Group, who had agreed that Cyber Security training should be provided to Members in 2022/23.
- Member training in respect of Carbon Literacy and Member Safety had taken place and a session in respect of Safeguarding was due to take place in August.

Following presentation of the report Members made the following comments:

- The carbon literacy training had been excellent.
- Whether a record of those attending the training sessions was kept – officers confirm that this was done.
- The length of time taken to complete investigations in respect of Member complaints. The Principal Solicitor explained that in the interest of justice it was important that the investigations were carried out properly and that the length of time taken would vary due to this.

**RESOLVED** that the Monitoring Officer's Report be noted.

7/2022

**GENERAL DISPENSATIONS REPORT**

Prior to presenting the General Dispensations Report, the Principal Solicitor reported that she had received a written request from Councillor M. Thompson for a dispensation, as was admissible and explained within the report. Councillor M. Thompson was in attendance at the meeting to put forward his request and respond to any questions from Members prior to a decision being made. The dispensation requested was in respect of Councillor Thompson's employment at Bromsgrove School and the Heat Network (and the proposal to build it within the

grounds of the school), which came under his portfolio. He provided detail around his position at the school and assured Members that he had no involvement within his role at the school in this matter. Specific reference was made to him responding to a question at Council, and whilst there was no issue at the moment, he anticipated that this could be problematic in the future and would therefore like to formally request a dispensation in order for him to be able to take part in any future discussions on this matter.

The Vice Chairman asked the Deputy Monitoring Officer for her view and she suggested that it was a matter for Members to consider, along with the other dispensations detailed within the report.

Councillor Thompson confirmed that he had no involvement with the school's executive body who would make any decisions in respect of the heat network. Member were satisfied with the position and were minded to agree the request.

**RESOLVED 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 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;
  - e) 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

- f) 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.

8/2022

**RIPA REPORT 2022/23**

The Principal Solicitor apologised for the delay in circulating the actual RIPA policy, which highlighted as background papers within the report. She explained that legislation required the refresh of the policy on an annual basis. The Principal Solicitor provided an update in respect of a local authority's powers which were at the lower end of the scale and changes in legislation had resulted in further restrictions on their use, which were detailed under paragraph 2.3 of the report.

The regime was overseen by the Investigatory Powers Commissioner's Office and included inspections of organisations by an Inspector appointed by the Commissioner, usually every three years. Since the changes introduced in 2012 the Council had not exercised its powers under RIPA. The Surveillance Commissioner has noted that in recent years authorities like this Council had granted far fewer RIPA authorisations and some had granted none at all. 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, an Inspector on behalf of the Surveillance Commissioner conducted a remote, light-touch review. A further inspection was undertaken in January 2022, which was done remotely via video and a desk top exercise. The findings of that inspection were attached to the report and the Principal Solicitor provided a summary of the findings and recommendations within it. Members were also advised of other changes which had taken place since the Committee considered the last report in 2021 and were provided with details of refresher training which had also taken place.

Following the presentation of the report Members discussed how it might be useful for them to receive any relevant updates throughout the year rather than just reviewing the policy on an annual basis. Officers agreed, where relevant, to provide updates to future meetings.

**RESOLVED that**

- a) the Council's RIPA Policy as updated and reviewed by endorsed;  
and
- b) the update on RIPA activity as detailed within the report be noted.

9/2022

## **GRANT THORNTON - HOUSING BENEFIT 2020/21 CERTIFICATION LETTER**

Mr. N. Preece, Grant Thornton presented the report and reminded Members that this was work which was done by Grant Thornton every year in the certification of the Council's Housing Benefit subsidy claim to the Department of Work and Pensions (DWP). by Grant Thornton LLP. The Certification Letter from Grant Thornton to the Executive Director for Resources, concluded that the workbook completion undertaken by Officers at the Council was to a good quality and which endorsed the testing conclusions reached. It was also highlighted that there were a number of issues identified, and that additional testing needed to occur. It was noted that there were challenging and complicated regulations to be followed and due to the impact of Covid-19 it had been agreed with the DWP to extend the deadline for completion of the work this year.

A number of issues had been identified and these were highlighted within the letter. Members were advised that although the values were very small any difference in monetary value was classified as a 'fail' and needed to be reviewed. However, overall, it was a good news story as the number of errors had reduced and the officers work was excellent.

The Committee thanked officers for their hard work in what had been a very challenging time for all concerned.

**RESOLVED** that the Grant Thornton Certification Work Report 2020/21 be noted.

10/2022

## **INTERNAL AUDIT PLAN 2022/2023**

The Committee received a report from Mr. A. Bromage, the Head of Worcestershire Internal Audit Shared Service, in respect of the Internal Audit Plan for 2022/2023. This was a risk-based plan which considered the adequacy of the Council's risk management, performance management and other assurance processes as well as organisational objectives and priorities. This was based upon the risk priorities per the corporate and service risk registers. Mr. Bromage highlighted the following areas within the report:

- The adequacy of the resource allocation.
- The changing internal environment and ongoing transformational work being undertaken.
- Internal and external audit findings in respect of the financial systems and their inclusion as audit areas, as it is considered certain risks remain in these areas.
- The flexibility of the plan and the balanced approach taken, with progress being monitored and reviewed regularly.
- If the plan were to be amended in the future this would be done in consultation with the Interim Section 151 Officer and brought back to this Committee.

The Interim Section 151 Officer commented that the biggest threat currently was that of cyber security, which was a challenge faced by all councils. The insurance market had taken a strong view of this, and it was important that it was covered.

Members discussed a number of areas in more detail, and it was noted that Climate Change was not included and the implications of this were questioned. The interim Section 151 Officer advised that the Corporate Management Team were currently working on a Climate Change Action Plan, which it was hoped would be considered by Cabinet in the Autumn.

**RESOLVED** that the 2022/23 Internal Audit Plan be approved.

11/2022

**INTERNAL AUDIT ANNUAL REPORT & AUDIT OPINION 2021/22**

Mr. A. Bromage, Head of Internal Audit Shared Service Worcestershire explained that this report was a summary of looking back over the last year's work and provided commentary on Internal Audit's plan delivery for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 against the performance indicators agreed for the service and further information on other aspects of the service delivery. Outcomes were shared with the External Auditors to ensure there was no duplication of work.

It was explained that Appendix 1 of the report provided details of what work had been delivered and it was noted that there had been more reports than originally planned. Appendix 2 provided information in respect of the key performance indicators and the level of assurance for those areas audited. It was noted that 4 reviews had limited or no assurance with potential risks to be addressed and 10 had moderate or above assurance. Mr. Bromage explained that the action plan that was in place to address those areas with no or limited assurance.

Appendix 3 was the Audit Opinion and Commentary for 2021/22 and Mr. Bromage made particular reference to paragraph 1.1, the overall governance conclusion and paragraph 3.9 within the Audit Opinion. There was no doubt that the biggest challenges faced had been working through the new finance system which had created risk hotspots, together with the significant loss of experienced staff. It was noted that there had been a number of implementation issues, particularly with regards to cash receipting which had caused problems matching income to the appropriate invoice, a solution was currently being tested and would be implemented if shown to be effective shortly.

The Interim Section 151 Officer provided a more detailed update in respect of the new finance system and the work being carried out to address the problems. He had been working closely with both the Internal and External Auditors throughout the process and hoped that a final fix would be tested in the coming weeks and prove to be successful. An update in respect of staffing was also provided and it was noted that the Team was now fully staffed with a wider skill set than had been the case the previous year. Work was being carried out to ensure quarterly

monitoring took place again and a more normal service could be provided.

Members acknowledged and appreciated all the difficulties which the Finance Team had faced in recent months and thanked officers for the comprehensive report. It was noted that updates for Committee in respect of the new system and the fixes highlighted would be useful and the Interim Section 151 Officer agreed to provide these when available.

The Leader was invited to speak, and she reiterated the Committee's thanks to the Interim Section 151 Officer and the Team for all their hard work in what had been a difficult and challenging time.

**RESOLVED** that the Internal Audit Annual Report and Audit Opinion 2021/22 be noted.

12/2022

### **RISK REGISTER UPDATE**

The Interim Section 151 Officer presented the report and in so doing highlighted the background information as detailed in paragraphs 3.1, 3.2 and 3.3. It was noted that on 16th March 2022, the Corporate Management Team (CMT) had acknowledged that there was a risk management system in place, and there were areas of good practice, however this was not uniform across the Council and the embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. A number of recommendations had therefore been put in place to address this issue.

A clear definition of Corporate Risk had also been recommended by the Risk Group and approved by CMT –

“For a **Risk** to move from being **Departmental** in nature to being **Corporate** in nature that it ***must have significant impact on Councils finances, be cross departmental in nature and/or result in Serious reputational damage.*** The Officer Risk Board will vet departmental risks using this definition to move then to Corporate Risks at their quarterly meetings.”

The Interim Section 151 Officer also provided detail around the 4Risk System which had been procured in order for the Council to manage its risks. Data had been provided within the report in respect of risk management at a departmental level together with steps which had been taken to ensure all controls and assurances were properly monitored and assured.

Following presentation of the report Members thanked The Interim Section 151 Officer and were pleased to see the clear definition of risk which had been included. It was noted that the larger projects that were coming up for the Council needed to be monitored appropriately.

The Interim Section 151 Officer explained to Members that risk champions had been appointed and trained for each area and played in pro-active role

in cascading down information to other officers. This reduced the burden of providing specific training for every officer.

**RESOLVED that**

- a) the revised definition of a corporate risk be agreed;
- b) the present list of corporate risks be noted; and
- c) the use of the Risk Management Framework used by Zurich be agreed.

13/2022

**ANNUAL APPOINTMENT OF RISK CHAMPION**

Following a brief discussion Members agreed that this item would be deferred to the next meeting of the Audit, Standards and Governance Committee. In the meantime, Councillor A. Beaumont kindly agreed to continue in the role.

14/2022

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

During consideration of the work programme the Principal Solicitor advised Members that the Annual Review from the Local Government Ombudsman had been issued this week and therefore a report on it would need to be included on the work programme for the next meeting of the committees in October.

It was noted that the appointment of the Risk Champion as discussed earlier in the meeting also needed to be added to the October meeting agenda.

**RESOLVED** that subject to the pre-amble above the Work Programme be noted.

The meeting closed at 7.30 p.m.

Chairman