



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 21ST JULY 2022
AT 6.00 P.M.

PARKSIDE SUITE, PARKSIDE, MARKET STREET, BROMSGROVE, B61 8DA

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

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 12th April 2022 (Pages 1 - 8)
6. Standards Regime - Monitoring Officers' Report (Pages 9 - 12)
7. General Dispensations Report (Pages 13 - 20)
8. RIPA Report 2022/23 (Pages 21 - 32)
9. Grant Thornton - Housing Benefit 2020/21 Certification Letter (Pages 33 - 36)
10. Internal Audit Plan 2022/2023 (Pages 37 - 48)

11. Internal Audit Annual Report & Audit Opinion 2021/22 (Pages 49 - 82)
12. Risk Register Update (Pages 83 - 98)
13. Annual Appointment of Risk Champion
14. Audit, Standards and Governance Committee Work Programme (Pages 99 - 100)

K. DICKS
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

13th July 2022

**If you have any queries on this Agenda please contact
Pauline Ross
Democratic Services Officer**

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GUIDANCE ON FACE-TO-FACE MEETINGS

At the current time, seating at the meeting will be placed in such a way as to achieve as much space as possible for social distancing to help protect meeting participants.

If you have any questions regarding the agenda or attached papers, please do not hesitate to contact the officer named above.

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The meeting venue will be fully ventilated, and Members and officers may need to consider wearing appropriate clothing in order to remain comfortable during proceedings.

Members of the public will be able to access the meeting if they wish to do so. Seating will be placed in such a way as to achieve as much space as possible for social distancing to help protect meeting participants. It should be noted that members of the public who choose to attend in person do so at their own risk.

Members of the public who still have access to lateral flow tests (LFTs) are encouraged to take a test on the day of the meeting. Meeting attendees who

do not have access to LFTs are encouraged not to attend a Committee if they have any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

Notes:

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- Meeting Minutes
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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

12TH APRIL 2022, AT 6.00 P.M.

PRESENT: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), A. J. B. Beaumont, M. Glass (substituting for Councillor C. Spencer), J. E. King, A. D. Kriss, M. Middleton, K. J. Van Der Plank and Mr B. McEldowney

In attendance: Mr. N. Preece – Grant Thornton, Mr. J Murray – Grant Thornton (on Microsoft Teams)

Officers: Mr J. Howse, Mrs. C. Felton, Mr. A. Bromage (on Microsoft Teams), Mr P. Carpenter (on Microsoft Teams), Mrs J. Willis (on Microsoft Teams) and Mrs. J. Gresham

34/21

APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES

Apologies for absence were received from Councillor R. Jenkins and Councillor C. Spencer with Councillor M. Glass in attendance as named substitute.

35/21

DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

There were no Declarations of Interest nor of any Whipping Arrangements.

36/21

TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 2ND FEBRUARY 2022

The minutes of the Audit, Standards and Governance Committee meeting held on 2nd February 2022 were submitted for Members' consideration. It was noted that Mr. B. McEldowney did not appear in the minutes, however it was confirmed that he was in attendance at the meeting. The Senior Democratic Services Officer undertook to update the records accordingly.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 2nd February 2022 be approved as a correct record.

37/21

STANDARDS REGIME - MONITORING OFFICERS' REPORT

The Monitoring Officer presented her brief report and in doing so, the following was highlighted for Members' attention:

- There had been no further Members complaints received since the last meeting of the Committee. The Member complaint that was highlighted at the last meeting of the Committee was still under investigation and further information would be available once the investigation was completed.

RESOLVED that the Monitoring Officers' report be noted.

38/21

NEW MODEL CODE OF CONDUCT

The Monitoring Officer presented an update in respect of the New Model Code of Conduct. During consideration of the report, it was noted that the information provided to the Committee was as a result of work that had been undertaken since the publication of the new Local Government Association (LGA) model Code of Conduct in December 2020.

The new LGA model Code of Conduct had been used as a starting point for the pan-Worcestershire Code of Conduct presented for Members' attention. It was reported that Monitoring Officers across Worcestershire had been involved in making the changes and had agreed the final version for Members of the Committee to approve.

Members were pleased with the new document; however, they were particularly interested in how robustly the new Code would be implemented and enforced amongst Members. The Monitoring Officer confirmed that Members had to take responsibility for their own actions and that it was important that all Group Leaders worked closely with Members to ensure that this was cascaded appropriately.

There was a brief discussion in respect of the cost of items purchased by the Council and whether best value for money was always available. Officers explained that there was a robust procurement process in place when purchasing items for the Council that provided best value in this area; and that to buy items individually could result in the outcome of costs being disproportionately high.

It was confirmed to the Committee that the Advisory, Conciliation and Arbitration Service (ACAS) definition of bullying had been used as part

of the new Model Code of Conduct, however individual cases would be considered on a case by case basis.

RECOMMENDED the Worcestershire-wide draft Code of Conduct be adopted by the Council.

39/21

GRANT THORNTON - SECTOR UPDATE

Mr. N. Preece, Manager for Grant Thornton provided the Sector Update for Members consideration. During consideration of this item, it was noted that in February 2022, the Chartered Institute of Public Finance and Accountancy (CIPFA) had released an emergency consultation on 2021/22 reporting requirements. It was hoped that Members found the report useful in providing an overview of work that was currently being undertaken in the sector.

RESOLVED that the report be noted.

40/21

GRANT THORNTON - EXTERNAL AUDIT PLAN 2020/2021

Mr N. Preece, Manager, Grant Thornton presented the External Audit Plan 2020/2021 for consideration by the Committee. During the presentation the following was highlighted for Members' attention:

- Grant Thornton had tried to present a balanced plan for the year 2020-2021 recognising the impact of the Covid-19 pandemic. It was reported that the Statement of Accounts for 2020-2021 would be available by the end of May or early June 2022. Delays had been experienced due to levels of staffing.
- The significant risks were identified within the report and included the following:
 - Management over-ride of controls – it was clarified that there was no suggestion that this practice had taken place however it was important for auditors to remain sceptical and look at all risks with rigour.
 - New financial ledger implementation – It was reported to Members that all of the data had been successfully migrated to the new ledger.
 - Staffing within the finance department
- Value for Money arrangements had been changed for the year ending 2020/21 and the National Audit Office had introduced a new code of Audit Practice. This meant that there would be a wider scope and more in-depth reporting required around the specific reporting criteria of improving economy, efficiency and

effectiveness, financial sustainability and governance. The risks linked to these criteria were reported to Members within the report and mitigations were being undertaken to address these. However, it was confirmed that due to the increase in detailed work this would result in an increase in audit fees, as outlined within the report.

The Executive Director for Resources informed Members that this was an important report for Members to consider at a difficult time for the Finance team who were not currently fully staffed. There had been a recruitment drive in this team, but it was recognised that the current recruitment market was difficult and competitive. There was another round of recruitment due to be carried out in order to fill the vacancies across the Finance team. Members were concerned about the difficulty of recruiting into the vacant posts and were informed that there was a pay differential with the private sector which had impacted on the ability to recruit. In addition to this the Covid-19 pandemic had enabled people to work from home and therefore there had been an increase in the ability to work in areas where larger salaries could be paid e.g. London and Birmingham without having to incur any travel costs.

Some Members queried whether the Shared Service agreement across Bromsgrove District and Redditch Borough Councils had negatively impacted the amount of work that officers could carry out on behalf of Bromsgrove. Assurance was given to the Committee that this was not the case, and in fact having shared services across both Councils had been beneficial as it had meant that information sharing was much easier.

RESOLVED that the Grant Thornton - External Audit Plan 2020/2021 be noted.

41/21

GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT 2020/21

Mr. N. Preece presented the final Grant Thornton report for Members' consideration. The Informing the Audit Risk Assessment 2020/21 report provided information regarding understanding of management processes through a series of questions and responses received from Bromsgrove District Council's management. It was reported that there were concerns raised from the responses received and that Grant Thornton were comfortable with the management responses and the related policies.

RESOLVED that the Grant Thornton - Informing the Audit Risk Assessment 2020/21 report be noted.

42/21

OVERALL RISK AND CORPORATE GOVERNANCE REPORT INCLUDING RISK REGISTER

The Executive Director of Resources presented the Overall Risk and Corporate Governance Report which also included the Risk Register report. During consideration of this item, it was again recognised that there had been resource challenges experienced over the financial year 2020-21. It was also considered a priority to embed risk management across the organisation.

A report regarding risk had recently been presented to the Corporate Management Team (CMT) and actions had been agreed on the way forward in respect of risk. The meeting of the Officer Risk Board that had been established to drive forward improvements had taken place on 7th April 2022 and a further report had been provided to CMT.

Some Members were concerned with some of the information within the report, as risk was an area that needed a detailed action plan in order to ensure risk was managed effectively in the future. Assurance was provided by Officers that it was a priority to approach risk in a more coordinated and consistent way in the future and that reporting would be provided to both Cabinet and CMT to ensure monitoring was taking place.

RESOLVED that the Overall Risk and Corporate Governance Report including the Risk Register report be noted.

43/21

INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit Shared Service provided Members with a progress report for Internal Audit. He confirmed that good progress was being made in respect of the 2021-2022 Audit Plan. It was noted that three reports had been finalised since the last meeting of the Committee these were Benefits, Risk Management and Treasury Management. Although it was stated that the Risk Management report had been given an opinion of 'no assurance,' it was important to recognise that this had been given because as part of the Internal audit Plan 2021-2022 there was a requirement to produce an action plan which would form the basis of this review carried out. It was reported that at the time of the review this had not been produced. However, confirmation was given that, as

stated in the previous agenda item, that work had begun on the Risk Management plan and actions had already begun to be completed.

RESOLVED that the Internal Audit Progress Report be noted.

44/21

INTERNAL AUDIT - SAFEGUARDING VERBAL UPDATE

The Head of Community and Housing Services provided a Safeguarding verbal update to Members. The update had been requested as a result of a report presented to the Committee at its last meeting. Members had requested an update, in order to fully understand and ensure that the Safeguarding actions highlighted as part of the internal audit were being managed appropriately. During consideration of this item the Committee was informed of the following:

- Net Consent training was rolled out to all members of staff, the training was compulsory and refresher training had to be undertaken every three years using the online Net Consent application. Members queried what percentage of staff did not complete the Net Consent training. Officers confirmed that 100% of staff completed the training, as staff members were unable to log into their computers if the training had not been completed by the required deadline. It was also reported that there were approximately 200 members of staff that were provided with this training every 3 years and approximately 40 members of staff who required more in depth, face-to-face training.
- As an interim measure, currently all mandatory training records were being monitored by Directorate Support until the Human Resources Training system was live. This monitoring provided information on all staff who required level 1 or above Safeguarding training.
- In respect of safe recruitment, there was currently no formal policy in place. However, the Enterprise Resource Planning (ERP) system would provide support in this area once implementation had been completed.

Members felt that it was incredibly important for all Members to receive Safeguarding training, particularly because they were often in a position of meeting residents in their homes and communities. The level of training and whether it should be mandatory was discussed in detail with Members in agreement that it should be delivered somewhere between the introductory training and level 1 training that was available. The Committee were informed that there were online learning modules that were available in this area that Members could undertake in

approximately one-hour sessions. The Head of Community & Housing agreed that this was necessary and undertook to look at bespoke training for Members in this area.

RESOLVED that the Internal Audit - Safeguarding Verbal Update be noted.

45/21

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE - DRAFT ANNUAL REPORT 2021-2022

The Chairman introduced the Audit, Standards and Governance Committee - Draft Annual Report 2021-2022 for the Committee's consideration and thanked officers for their support over the municipal year. In addition to this, the Vice-Chairman, Councillor P. Whittaker, was thanked by the Chairman for his support.

Members were informed that this was a draft report and the items that had been discussed at this meeting would be included in the report and considered at the Full Council meeting due to be held on 22nd June 2022.

Members of the Committee thanked the Chairman for all of his hard work over the municipal year.

RESOLVED that the draft annual report for the Audit, Standards and Governance Committee 2021/2022, be noted and presented at Council as a final version.

46/21

RISK CHAMPION - VERBAL UPDATE REPORT (COUNCILLOR A. BEAUMONT)

In his role of Risk Champion, Councillor A. B. Beaumont informed Members that he would be meeting with the Executive Director for Resources within the next few weeks in order to look at how risk was managed and the actions that needed to be undertaken going forward.

RESOLVED that the Risk Champion - Verbal Update Report be noted.

47/21

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Senior Democratic Services Officer undertook to make any changes to the Committee's work programme in readiness for the next meeting.

Agenda Item 5

Audit, Standards and Governance Committee
12th April 2022

RESOLVED that the Audit, Standards and Governance Committee Work Programme be noted.

The meeting closed at 7.15 p.m.

Chairman

Audit, Standards & Governance Committee 2022

21st July

MONITORING OFFICER'S REPORT

Relevant Portfolio Holder	Councillor Geoff Denaro – Portfolio Holder for Finance and 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
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 April 2022.
- 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 Parish Councils, will be reported verbally by Officers at the meeting.

Audit, Standards & Governance Committee 2022

21st July

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.

Audit, Standards & Governance Committee 2022

21st July

Operational Implications

6.2 Member Complaints

Since the last meeting of the Committee, no new complaints have been received. The complaint that was reported at the last meeting of the Committee is still 'live' and being investigated and is therefore ongoing.

The New Normal

- 6.4 Since 7th May 2021, elected Members have needed to attend formal Committee meetings in person. These rules do not apply to informal meetings, such as Scrutiny Task Groups or Member training and consequently a lot of informal and private meetings continue to take place remotely.
- 6.5 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.
- 6.6 Member Development Steering Group met at the end of March 2022 where Members agreed that Cyber Security training should be delivered to Councillors during the 2022/23 municipal year. This training is due to take place later in the year.

Member Training

- 6.7 Since the last meeting of the Committee the following training has been arranged for Members:
- Carbon Literacy Training, which took place in June 2022. There will be further opportunities for Members to attend carbon literacy training in September 2022.
 - Member Safety Training, which is due to take place on 2nd August 2022.
 - Safeguarding Training, due to take place in August 2022.

7. RISK MANAGEMENT

Audit, Standards & Governance Committee 2022

21st July

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

No appendices.

Chapter 7 of the Localism Act 2011.

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro – Portfolio Holder for Governance	July 2022
Lead Director / Head of Service	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	July 2022
Financial Services	N/A	N/A
Legal Services	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	July 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2022

21st July

LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

Relevant Portfolio Holder	Councillor Geoff Denaro, Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton, Head of Legal, Democratic and Property Services
Report Author Jess Bayley-Hill	Job Title: Jess Bayley-Hill, Principal Democratic Services Officer Contact email: jess.bayley-hill@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;

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2022

21st July

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- 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;
- 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.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2022

21st July

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.

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,

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2022

21st July

- (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 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 four 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.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2022

21st July

- 4.10 The table below sets out the IMDs and Outside Body appointment dispensations that have been requested in previous years 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.
L. Mallett	Employee of Young Lives vs Cancer (formerly known as 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.
J. Till and 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.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2022

21st July

M. Glass, C. Hotham, M. Middleton 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.
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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.
- 4.12 The new Local Government Association (LGA) Model Code of Conduct was considered at the Audit, Standards and Governance Committee meeting held on 12th April 2022. It was recommended by the Committee that the Council adopt the new Model Code. The new Model Code of Conduct was subsequently presented at the Council meeting held on 18th May 2022 with Members agreeing to adopt the LGA Model Code of Conduct. As a result of this adoption Members are now required to complete an 'Other Registerable Interests' (ORI) form to declare any ORIs.

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

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE 2022

21st July

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.
- 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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Audit, Standards and Governance Committee 2022

21 July

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. It has been emailed to members of the Committee.

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.

Audit, Standards and Governance Committee 2022

21 July

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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. 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, an Inspector on behalf of the Surveillance Commissioner conducted a remote, light-touch review.

Audit, Standards and Governance Committee 2022

21 July

Update: Inspection in January 2022

2.9 A further Inspection was undertaken in January 2022. This was a video and desk-top based inspection. The Commissioner's Report is attached at **Appendix 1**

2.10 The Commissioner's Report stated that :

- the information provided demonstrated a level of compliance which removed for the present the requirement for a physical inspection”;
- The oversight provided by your SRO is of a high standard and is undertaken through bi-annual meetings with representatives from Legal, Enforcement, and Information Management Services; and
- that the Council was “in a good place” with the SRO fully aware of his responsibilities.

- **Recommendations** in the Commissioner's report:

1. The Council's RIPA Policy was described by the Inspector as “already well-formed”, but he recommended a couple of additions to the policy to assist readers' understanding of two issues, one relating to the use of social media in covert investigations and the second relating to how volunteers could become a Covert Human Intelligence Source (CHIS).

The recommendation was for the inclusion of extracts from the Home Office Codes of Practice on these matters, and these have now been added to the Policy.

2. Since the report to members in July 2021, the most substantial amendment to the policy has been the addition of a new section specifically dedicated to Data Safeguards. This was done in November 2021 and was introduced to comply with requirements of the Surveillance Commissioner set out in a letter sent to all Local Authorities in April 2020.

This section was reviewed as part of the inspection in January 2022

The Inspector advised that to address fully the minimum standards expected, the policy should identify the timeframes within which covert material gathered should be subject to review and then, if no

Audit, Standards and Governance Committee 2022

21 July

longer required to be retained, destroyed.

This has been added to the Policy.

Other Changes to the Policy since report to members in 2021

- The SRO at the time of the inspection has now left the Council and this role has now been assigned to the Head of Legal, Democratic & Property Services, who has fulfilled this role previously and is also fully aware of the oversight responsibilities of the role.
- The policy and codes of practice refer to quarterly monitoring of RIPA activity. However, as noted in the Inspector's report, these occur twice a year, rather than quarterly, and the Inspector was satisfied with this.

Training

Relevant officers had a day's refresher training on these aspects of RIPA, in January 2022. This took place just prior to the inspection but had been commissioned months earlier and before the notification of the inspection had been sent to the Council.

- 2.9 It is not possible for the Council to 'opt out' of the RIPA regime, and we are 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.
- 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.

Audit, Standards and Governance Committee 2022

21 July

4. LEGAL IMPLICATIONS

- 4.1 The Council has demonstrated compliance with its statutory obligations under RIPA to the satisfaction of the Surveillance Commissioner following inspection in January 2022 and continues to update its policy and provide training for officers.
- 4.2 This report to members complies with the Code of Practice requirement that members should be updated annually on RIPA activity and endorse the Policy, including any changes to it, for the coming year.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 'An Effective and Sustainable Council'

Climate Change Implications

- 5.2 None

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

Audit, Standards and Governance Committee 2022

21 July

Appendix 1 – Report of the Investigatory Powers Commissioner dated
12 January 2022

BACKGROUND PAPERS

The Council's RIPA Policy

Audit, Standards and Governance Committee 2022

21 July

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr G. Denaro	7 July 2022
Lead Director / Head of Service	Claire Felton	7 July 2022
Financial Services	Peter Carpenter	7 July 2022
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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PO Box 29105, London
SW1V 1ZU

Mr. Kevin Dicks
Chief Executive
Bromsgrove District Council & Redditch Borough Council
Parkside
Market Street
Bromsgrove
B61 8DA

k.dicks@bromsgroveandredditch.gov.uk

12 January 2022

Dear Mr. Dicks,

Inspection of Bromsgrove and Redditch Councils

Please be aware that IPCO is not a “public authority” for the purpose of the Freedom of Information Act (FOIA) and therefore falls outside the reach of the FOIA. It is appreciated that local authorities are subject to the FOIA and that they may receive requests for disclosure of our reports. In the first instance the SRO should bring the matter to the attention of the IPCO Data Protection Officer (at: info@ipco.org.uk), before making any disclosure. This is also the case if you wish to make the content of this letter publicly available.

Your Councils were recently the subject of a video and desktop-based inspection by one of my Inspectors, and I trust you will find it acceptable to receive a single report accordingly. The inspection has been facilitated through your Senior Responsible Officer (SRO) [the] Director of Finance and Resources, who assumed the role as SRO in March 2021. My Inspector is also grateful to [the] Principal Solicitor, for providing the supporting information required. [The SRO] confirmed that there has been no use of the available covert powers since the last inspection, with the priority over the last 18 months being the response to the current pandemic.

The information provided has demonstrated a level of compliance which removes, for the present, the requirement for a physical inspection.

The last inspection was also undertaken [by the same Inspector], in February 2019. On this occasion two recommendations were made, as follows:

1. *Whilst RIPA awareness training has been undertaken and is refreshed with staff on an annual basis, there is a clear need to have training delivered forthwith to those staff within the Trading Standards services, and in order that those who are most likely to engage RIPA powers remain “match fit”.*

Discharged - Those officers within Trading Standards have been involved in the pandemic response and therefore any covert activity has sought to utilise the National Anti-Fraud Network (NAFN) for investigations using communications data. Training of some officers took place in March 2021, with further training inputs scheduled to take place before the end of January 2022. These training inputs will be aimed at all authorising officers, several officers from legal services, and your in-house solicitors.

2. *Whilst it is understood that no RIPA activity has been undertaken since the last inspection, it is unsatisfactory that elected officials are to be updated on RIPA matters “if and when RIPA activity is undertaken”. I would draw your attention to the revised Code of Practice for Covert Surveillance and Property Interference 2018 (paragraph 4.47), which advises that Elected Members should, at least on an annual basis, review the RIPA policy and the authority’s use of the Act. This applies whether or not RIPA powers are engaged.*

Discharged - Although no covert activity has been authorised, annual reports to Council Members have been provided.

I am pleased to note that these recommendations have been fully discharged.

Your RIPA policy is endorsed annually as part of the Report to the Audit Governance & Standards Committee, with members informed of any changes made since the previous review. The Policy was last reviewed in November 2021. The most recent addition to the policy has seen a section specifically dedicated to Data Safeguards and introduced to address the requirements as set out in my letter to all Local Authorities, dated April 2020. It is pleasing and reassuring to note that action has been taken in this regard. Sound advice is contained within this section of your policy to advise on the storage of covertly obtained material and the need to reduce the copying of it, but my Inspector has advised that to address fully the minimum standards expected, the policy should identify the timeframes within which covert material gathered should be subject to review and then, if no longer required to be retained, destroyed.

Whilst my Inspector is satisfied that data safeguard matters have now been included within your policy, this area of compliance will continue to be focused upon in future inspections. Highlighting retention, review, and destruction (RRD) responsibilities to new staff and weaving this into your regular refresher training inputs will ensure those persons likely to engage the covert powers are fully au fait with the safeguarding requirements contained within the Codes of Practice.

A couple of further additions to your policy, which it is hoped may further assist the reader in understanding matters pertaining to the use of social media in covert investigations, and when public volunteers may become Covert Human Intelligence Sources (CHIS), are outlined below for consideration for inclusion in your, already well formed, RIPA policy:

- Paragraphs 3.10 – 3.17 Covert Surveillance and Property Interference Code of Practice 2018. (Social media)
- Paragraphs 2.18 – 2.26 CHIS Code of Practice 2018 (Public Volunteers).

The oversight provided by your SRO is of a high standard and is undertaken through bi-annual meetings with representatives from Legal, Enforcement, and Information Management Services. My Inspector informs me that your SRO has found the IPCO newsletter a helpful source of information; I am pleased to hear this and I hope this continues to be the case.

Your authority has been found to be in a good place, with your SRO fully aware of his responsibilities.

I hope the authorities which you head have found this inspection to be of benefit. My Office is available to you should you have any further queries following this inspection, or at any point in the future. Contact details are provided at the foot of this letter.

I shall be grateful if you would acknowledge receipt of this letter within two months.

Yours sincerely,

The Rt. Hon. Sir Brian Leveson
The Investigatory Powers Commissioner

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BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Grant Thornton – Certification Work Report 2020/21

Relevant Portfolio Holder	Councillor – Geoff Denaro Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

2. The Committee RESOLVE that:- The letter 2020/21 is noted

3. BACKGROUND

Financial Implications

3.1 The fee for the grant work was £15k.

4. Legal Implications

4.1 Grant Thornton have a statutory responsibility to certify the claims submitted by the Council.

5. Strategic Purpose Implications

Finding Somewhere to Live

5.1 External Auditors have a duty to carry out all work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. This includes certification of grant claims.

5.2 The auditors have certified the Housing Benefit Claim for 2020/21 relating to over £11.7m of expenditure. There were a number of issues (3 data sets) that required further testing. It is worth noting that there is no level of materiality when auditing the housing benefit claim and therefore the errors can be minor in value but require further testing. The auditors have reported in their letter that the workbooks were of good quality, and they agreed with officer testing conclusions.

BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Climate Change Implications

5.3 None.

6. Other Implications

Customer / Equalities and Diversity Implications

6.1 There are no implications arising from this report.

7. RISK MANAGEMENT

7.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

8. APPENDENCES

Appendix 1 – Grant Thornton Certification letter

AUTHOR OF REPORT

Name: Pete Carpenter– Director of Finance (S151)
E Mail: Peter.Carpenter@bromsgroveandredditchbc.gov.uk

James Howse
Executive Director of Resources
Bromsgrove District Council
Parkside
Market Street
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Worcestershire
B61 8DA

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL
T +44 (0)117 305 7600

9 May 2022

Dear James

Certification work for Bromsgrove District Council for year ended 31 March 2021

We have been appointed by the Council to certify the Housing Benefit subsidy claim submitted by Bromsgrove District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Because of the ongoing impact of Covid-19, for 2020/21 the Department for Work and Pensions (DWP) extended the deadline for completion of this work to 31 January 2022. The DWP then further extended the deadline to 28 February 2022. The Council and DWP agreed a further extension to 31 March 2022. We certified our work, sending the required documentation to DWP, on 22 March 2022.

We have certified the Housing Benefit subsidy claim for the financial year 2020/21 relating to subsidy claimed of £11.7m (2019/20 £12.6 million). Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention.

There were three (six in the previous year) lots of additional testing arising from errors found in the previous year. These related to the incorrect input of earnings and rent and uplift of the State Retirement Pension. Our testing of an additional 120 cases across these three areas identified 13 errors.

Our initial testing of 26 cases identified eight errors. This necessitated further work in two areas as some of the errors were not covered in the additional testing arising from the prior year errors that we have described above.

The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant to the total subsidy receivable, with a gross total of £738 across three areas.

We reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

We have agreed a fee of £15,000 for the work.

Yours sincerely

Grant Thornton UK LLP

Grant Thornton UK LLP

Appendix A

Findings from certification of housing benefits subsidy claim

Workbook completion

DWP provides workbooks to all audit suppliers to complete in order to ensure consistency and high quality in documentation. Many councils now complete these workbooks using Quality Assessment Officers or Supervisors who have not initially been involved in assessing claims. Auditors then re-perform some of the work which officers have completed. This reduces the cost of the work compared to auditors doing it all, and also gives officers better information on any training needs or quality issues regarding the initial claim assessments.

We are pleased to report that, this year, as in previous years, we agreed with all of the judgements and conclusions made by officers and did not need to extend our testing. Following discussions with DWP Officers enhanced the documentation for any "Fail" cases that were paid monthly in order to calculate the error on a weekly basis. This allowed the subsequent extrapolations to meet DWP requirements.

Amount of testing and errors found

The table below shows the number of cases tested and the number of errors found in recent years.

Year	Cases tested	Errors found	% error rate
2014-15	180	11	6
2015-16	160	12	8
2016-17	209	16	8
2017-18	100	9	9
2018-19	140	21	15
2019-20	267**	17**	6
2020-21	194	21	11

** 40 cases and 4 errors relate to additional work requested by the DWP in relation to 2018/19.

The errors found relate to the incorrect input of earnings, incorrect input of rent, and incorrect uplift of the State Retirement Pension. For 2021/22 we anticipate there will be five lots of additional testing required as a result of errors found in 2020/21.

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THE 2022/23 INTERNAL AUDIT PLAN

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, Interim Head of Finance and Customer Services
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: andy.bromage@worcester.gov.uk Contact Tel: 01905 722051
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

1.1 The Audit, Standards and Governance Committee recommend the:-

- 1) **2022/23 Audit Plan is approved subject to any comments / proposed changes.**

2. BACKGROUND

2.1 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;

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

- 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.

2.2 Formulation of Annual Plan

WIASS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The Internal Audit Plan for 2022/23, 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, along with direct association to the organisational objectives and priorities. The Internal Audit Plan for 2022/23 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 it's 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 an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

We recognise there are other review functions providing other sources of assurance, both internally and externally, (e.g. ICT Public Service Network, Cyber Essentials, 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

Date: 21st JULY 2022**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

audit work programme for 2022/23 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 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.

2.3 Resource Allocation

The Internal Audit Plan for 2022/23 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. 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 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 2022/23 this will not be the case due to the challenges encountered in the system implementation. Operational support days are included to give a little flexibility and

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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 2022/23 is set out at Appendix 1.

2.4 Monitoring and reporting

Operational progress against the Internal Audit Plan for 2022/23 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.

3. Financial Implications

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

4. Legal Implications

4.1 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".

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".

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Climate Change Implications

- 5.2 The actions proposed do not have a direct impact on climate change implications.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

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

Operational Implications

- 6.2 There are no new operational implications arising from this report.

7. RISK MANAGEMENT

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

- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
- a continuous provision of an internal audit service is not maintained.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 ~ Internal Audit Plan 2022/23

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX 1

SUMMARY OF DETAILED PLAN

Planned Days	2022/23
Financial	77
Corporate Work	42
Service Delivery and Operational	75
Sub total	194
Audit management meetings	36
Corporate meetings / reading	
Annual plans, reports and Audit Committee support	
Sub total	36
TOTAL Audit Days	230

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

2022/23 Internal Audit Plan

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority			Resource 2021/22 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
FINANCIAL								
Debtors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High			12*	14*	1 to 4
Main Ledger/Budget Monitor/Bank Rec (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High			14*	17*	1 to 4
Creditors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High			12*	14*	1 to 4
Treasury Management (incl. Asset & Acquisitions)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium			4*	6*	2
Council Tax	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium			8*	8*	1 to 3
Benefits	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium			10*	10*	1 to 3
NNDR	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium			8*	8*	1 to 3
Sub TOTAL						68	77	

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority			Resource 2021/22 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
CORPORATE								
IT Audit (Cyber essentials)	Fundamental to strategic purpose delivery	N/a	Medium			9*	15*	3 - 4
Risk Management (Action Plan implementation) (note 2)	Fundamental to strategic purpose delivery	S151 request	Medium			10*	10*	3 - 4
Procurement (sign posted for 2023/24) (Note 3)	Fundamental to strategic purpose delivery	N/a	Medium			9*	0	
GIS & Gazetteer – Phase 1	Fundamental to strategic purpose delivery	HoS	Medium				10*	1
Transformational Team Utilisation	Fundamental to strategic purpose delivery	HoS	Medium				7*	1 - 2
GDPR - Security of electronic data	Fundamental to strategic purpose delivery	N/a				9	0	
Projects	Fundamental to strategic purpose delivery	N/a				12*	0	
Disabled Facility Grants	Enabling	N/a				3*	0	
Grants (various)	Enabling	N/a				10*	0	
Sub TOTAL						62	42	

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority			Resource 2021/22 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
SERVICE DELIVERY								
Environmental & Housing Property Services								
Workshop Licensing Compliance	Statutory and Regulatory Requirement	HoS	Medium				15	2
Refuse Service scalability	Keep my place safe and looking good	Env 24	Low/ Medium			7	0	
Planning, Regeneration & Leisure								
Leisure Strategy	Help me run a successful business	HoS	Medium				6	3 - 4
Worcester Regulatory Services								
Focus to be confirmed	Statutory and Regulatory Requirement	HoS	Medium			15	12	2
Sub TOTAL						22	33	
Other Operational Work								
Advisory, Consultancy & Contingency	Operational support	N/a	N/a			10	10	
Fraud & Investigations incl. NFI	Operational support	N/a	N/a			10	10	
Completion of prior year's audits	Operational support	N/a	N/a			8	8	
Report Follow Up (all areas)	Operational support	N/a	N/a			10	10	
Statement of Internal Control	Operational support	N/a	N/a			4*	4*	
Sub TOTAL						42	42	
Audit Management Meetings	Operational support	N/a	N/a			15	36	
Corporate Meetings / Reading	Operational support	N/a	N/a			5		

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority			Resource 2021/22 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a			16		
Sub TOTAL						36	36	
TOTAL CHARGEABLE						230	230	

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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

Note 3: Procurement is to be revisited as part of the follow up process. Consideration of a full review will be given at the time of follow up depending on the outcomes.

General:

- Climate change was considered but not included at this time. It will be reconsidered for 2023/24.
- Levelling up and Towns Fund remains under consideration for inclusion in the 2022/23 plan.

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Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

2021/22 INTERNAL AUDIT ANNUAL REPORT AND AUDIT OPINION

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, Interim Head of Finance and Customer Services
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: andy.bromage@worcester.gov.uk Contact Tel: 01905 722051
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management Underpins all the Strategic Purposes.
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 & Governance Committee recommend:-

1) the report is noted.

2. BACKGROUND

- 2.1 The involvement of Member's in progress monitoring is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.
- 2.2 This section of the report provides commentary on Internal Audit's plan delivery for the period 01st April 2021 to 31st March 2022 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

Summary Dashboard 2021/22:-

Total reviews planned for 2021/22	12 (minimum)
Reviews reported on for 2021/22:	14 (incl. WRS but not Main Ledger)
Assurance of 'limited' or below:	4
Reviews awaiting final sign off:	0
Reviews ongoing:	0
Follow Ups reported during 2021/22:	4
Number of 'High' Priority recommendations reported:	3
Productivity: (yearly average)	58%
Revised overall plan delivery:	93% (against target >90%)

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

- 2.3 The Worcestershire Internal Audit Shared Service (WIASS) has delivered the 2021/2022 revised internal audit plan.
- 2.4 The Internal Audit Plan 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 & Governance Committee for approval on 15th July 2021. 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, vehicle fuelling process(housing), asbestos handling, gas certification, procurement and projects were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 2.5 In accordance with best practice the plan was subject to review during the year to ensure that identified changes, for example, external influences, risk assessment, process re-engineering and transformation were taken into consideration during the year.
- 2.6 The purpose of the 2021/22 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:
- Internal Audit assisted the Authority in meeting its objectives by reviewing the high risk areas, systems and processes,
 - The 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 place reliance on the work completed by Internal Audit,
 - An opinion can be formed on the adequacy of the Authority's system of internal control (reported in Appendix 3), which feeds into the Annual Governance Statement which is presented with the statement of accounts.

Resource Management.

- 2.7 2021/22 was a difficult year as the emergence from the Covid-19 pandemic continued. The plan for 2021/22 remained very flexible. The core financial areas of the business along with several systems reviews were undertaken and reported on. A variation to the plan was necessary which saw a couple of reviews deferred e.g. refuse scalability and ICT. ICT was deferred to allow resource to continue to deploy better security protection for the systems. These adjustments were agreed with the Head of Finance and Customer Services and the s151 Officer.

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

- 2.8 The Service carefully managed its resource and worked with partners to deliver the revised audit programme for Bromsgrove District Council for 2021/22 with regular updates of progress reported before Committee. The s151 Officer was kept briefed during the year regarding 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.
- 2.9 During 2021/22, audit reviews totalled 14 and full audit reports were provided before Committee containing the Auditors opinion on the effectiveness of the controls operating within those areas. The action plans containing recommendations to address the identified control weaknesses were also reported.
- 2.10 Based on the audits performed in accordance with the revised audit plan the Worcestershire Internal Audit Shared Services Manager has concluded that, generally, the internal control arrangements during 2021/22 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 required.

Annual Governance Statement ~ Assurance Checklist Statements 2021/22

- 2.11 It is the responsibility of management to maintain the Authority's internal control framework and ensure that controls are being complied with.
- 2.12 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.
- 2.13 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 when reported otherwise.
- 2.14 A review of the returned statements identified the following themes:
- The lack of financial monitoring throughout the year, training and guidance on the new financial system. There was acknowledgement there was pressure on the Finance team due to lack of resources and that things were improving at the end of the year with promised improved guidance and with the production of monitoring reports from March 2022.

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

- The national shortage of skilled and specialist staff which had resulted in staff shortages in some areas. (Planning, Worcester Regulatory Service, HGV mechanics)
- Service 'Risk Champions' were being mentioned and the fact that these will now be keeping risks up to date, but, generally it was concluded that risks are shared and embedded within the services.

Work of interest to the External Auditor

- 2.15 To try to reduce duplication of effort the importance of working with the External Auditors is clearly understood. The audit plan is shared with the external auditors for information. The results of the work performed on seven systems audits is of direct interest to External Audit and reports are passed to the external auditor on request for their information. Internal Audit has worked closely with External Audit regarding the risk the new financial systems have created.

Follow Up Audits

- 2.16 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 2021/22. Follow ups, and any exceptions, will continue to be reported but the number of additional visits to ensure points are satisfied is continuing to decrease compared with the previous years. The full reports have been presented before Committee rather than a summary position to aid context and transparency.

Quality Measures

- 2.17 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 a very high satisfaction with the audit product – see Appendix 2.
- 2.18 To further assist the Committee with their assurance of the overall delivery the Worcestershire Internal Audit Shared Service conforms to 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.

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

Independence and Safeguards

- 2.19 Worcestershire Internal Audit Shared Service 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, Governance and Standards Committee.
- 2.20 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 assisted 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 Finance and Resource (s151 Officer). Audit Committee can also challenge the reported findings and the minutes would record this.
- 2.21 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 was identified through the self assessment process which was carried out in August 2020 and a quality assurance improvement plan (QAIP) was formulated. All actions were complete by the end of 2021/22. This is reported for information at Appendix 5.

Assurance Sources

- 2.22 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 seek to place reliance on such work thus increasing the internal audit assurance coverage e.g. ICT ethical hacking.

Other Operational Work

- 2.23 Work is continuing in respect of the National Fraud Initiative (NFI) exercise. Appropriate action is being taken and work is progressing to identify any potentially fraudulent activity for example overpayment for housing benefits, income support, etc. The last significant data extract was December 2021 and the results continue to be worked on. A further upload of data is scheduled for December 2022. WIASS continue with a coordinating role regarding this process.

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

3. FINANCIAL IMPLICATIONS

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

4. LEGAL IMPLICATIONS

- 4.1 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”.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations and the internal control environment.

Climate Change Implications

- 5.2 The actions proposed do not have a direct impact on climate change implications.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

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

Operational Implications

- 6.2 There are no new operational implications arising from this report.

7. RISK MANAGEMENT

- 7.1 The main risks associated with the details included in this report are:
- Insufficient completion of the programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
 - a continuous provision of an internal audit service is not maintained.

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

- 7.2 Heads of Service have periodically provided risk management updates before the Audit, Governance and Standards Committee for consideration along with verbal updates from the Head of Finance and Customer Services to provide assurance. Development of the risk management system continues under the directorship of the Executive Director of Finance and Resources (s151 Officer).

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 ~ Internal Audit Plan 2021/22
Appendix 2 ~ Performance indicators 2021/22
Appendix 3 ~ Audit Opinion and commentary 2021/22
Appendix 4 ~ Internal Audit Charter for WIASS
Appendix 5 ~ Quality Assurance Improvement Plan

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

APPENDIX 1

Internal Audit Plan for 2021/22 Delivery 1st April 2021 to 31st March 2022

Audit Area	2021/22 Plan Days	Actual Days to 31 st March 2022
Core Financial Systems (see note 1)	68	64
Corporate Audits	62	65
Other Systems Audits (see note 2)	64	55
SUB TOTAL	194	184
 Audit Management Meetings	 15	 15
Corporate Meetings / Reading	5	6
Annual Plans, Reports and Audit Committee Support	16	9
Other chargeable (see note 3)		
SUB TOTAL	36	30
TOTAL	230	214

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end. A rolling programme was introduced for Debtors and Creditors to maximise coverage and sample size, but internal audit has been unable to deliver this during 2021/22 due to restricted system access. Partial access was provided during September 2021 with further access established during December 2021. The overall results were reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters potentially resulting in unallocated days. 2 reviews were deferred late in Q4 which impacted on the overall Systems days delivered.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

Date: 21st July 2022

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

Appendix 2

PERFORMANCE INDICATORS 2021/22

The success or otherwise of the Internal Audit Shared Service was 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 to 6. The position was reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2021/22 Position (as of 31 st March 2022)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = 12 Delivered 14	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	93%	When Audit Committee convene
3	Service productivity	Positive direction year on year	58% (2020/21 average 62%)	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	3 (2020/21 = 4)	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	7 (2020/21 = 6)	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (Nil)	1 (2020/21 = 0)	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	1x issued 1x Excellent 2020/21 1x Excellent	When Audit Committee convene

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

Audit, Standards & Governance Committee 21st July 2022

Appendix 2

Audit Opinion Summary Analysis ~ Audits completed during financial year 2021/2022:

Audit Report / Title	Final Report issued	Assurance
Strategic Acquisitions	13 th October 2021	Significant
Treasury Management	5 th January 2022	Significant
Benefits	19 th May 2022	Significant
Council Tax	20 th May 2022	Significant
National Non-Domestic Rates	20 th May 2022	Significant
Grants	30 th May 2022	Significant
Worcester Regulatory Services	15 th October 2021	Significant
Projects	9 th September 2021	Moderate
GDPR (electronic data security)	5 th November 2021	Moderate
Creditors	6 th May 2022	Moderate
Debtors	13 th June 2022	Limited
Budget Monitoring	13 th June 2022	Limited
Procurement	15 th June 2022	Limited
Risk Management	22 nd March 2022	No
Main Ledger	No report issued as issues relating to the new system implementation identified	
Disabled Facilities Grant on behalf of Worcestershire County Council		
Follow Up Area	Date of Follow Up Report	Overall Position
Planning Applications (2 nd Follow Up)	8 th June 2021	Implemented
Safeguarding Children (3 rd follow Up with Senior Officer intervention)	20 th September 2021	Implemented
Document Retention	29 th September 2021	Partially implemented
Compliments and Complaints (2 nd Follow Up)	30 th September 2021	Implemented

Audit, Standards & Governance Committee 21st July 2022

Summary of 2021/22 Audit Assurance Levels.

2021/22	Number of Audits	Assurance	Overall % (Rounded)
From 14 audits	0	Full	0%
	7	Significant	50%
	3	Moderate	21%
	3	Limited	21%
	1	No	8%
	0	To be confirmed	0%
	0	Critical Review / hybrid / N/a	0%

Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report either verbally or via a feedback questionnaire. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2021/22 financial year has been received indicating that:

- the auditee 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 information received.

Comments received included:

- Internal audit was efficient, knowledgeable, open and informative.
- Engagement was positive and helpful from the initiation – very supportive

Overall Conclusions:

- The 2021/22 revised internal audit plan has been delivered.
- There remain pockets of risk within the organisation.
- 71% of the audits undertaken for 2021/22 which have received an assurance allocated returned an assurance of 'moderate' or above.
- The client satisfaction rate of the Service remains high.

Audit, Standards & Governance Committee **21st July 2022**

Appendix 3

Audit Opinion and Commentary 2021/22

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.

2021/22 was a very challenging year regarding the control environment in certain areas of the Council. Changes in the way services needed to be delivered and staff deployed saw a continuance of remote working as there continued to be an emergence from the Covid-19 pandemic. A significant number of staff leaving the Authority was also experienced which created its own challenges within certain Services e.g. Finance. The loss of staff and experience along with the implementation of a new financial system resulted in a very challenging environment. Appropriate and proportionate remote access to files and systems remained in place to ensure services could continue to be delivered during the second year of the pandemic.

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 2021/22 managed the principal risks in a number of areas, but not all, and can be reasonably relied upon to ensure that the Council's corporate objectives have been met in the main. Risk remains present which could jeopardise this in the future regarding certain key areas, e.g. finance, and emerging risks will need to be identified and managed. Close monitoring of deployed measures to mitigate risks in finance is set to continue but the need to reduce the overall risk and work towards a better and sustainable approach beyond 2021/22 will be critical to create better transparency, expectations and accountability. This will be necessary to ensure the Council 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. The financial system implementation has introduced some risks into the financial areas of the Council which have been identified as part of the audit reviews e.g. a lack of budget monitoring, no reconciliations being undertaken and limited assurance reported against several review areas including Debtors and budget monitoring. Procurement also was reported with a limited assurance. The identified risks need to be mitigated as part of the action plans to be deployed to address the identified control, weaknesses.

Audit, Standards & Governance Committee **21st July 2022**

2. Risk Management Conclusion

- 2.1 The Head of Internal Audit can confirm the further development of the formal risk management system has not progressed as well as expected in the organisation under the direction of the previous Financial and Customer Services Manager with a view to achieving a better embedded approach in the future. This area has been relaunched on several occasions in recent years and has been a topic for corporate review for several years now with little traction. This has been acknowledged by the current Executive Director of Finance and Resource (s151 Officer) and a strategy agreed and launched at CMT on the 16th March 2022. The Interim Head of Financial and Customer Services is now championing risk management. A specific piece of audit work that was undertaken regarding the formulation of an expected action returned a 'no assurance' categorisation as no action plan had been agreed prior to March 2022. This assurance was associated solely to the action plan that should have been formulated and delivered during 2021/22. Risk management is present in some form in Services and there are pockets of good practice but is not corporately coordinated to allow for a joined-up view of risk from a corporate perspective. The implementation of the March 2022 action plan has buy-in from the whole of the management team and will be monitored for progress and reported before Members in the future.

3. Audit Opinion

- 3.1 The internal audit of Bromsgrove District Council's systems and operations during 2021/22 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit, Governance and Standards Committee on 15th July 2021 and any subsequent revisions.
- 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 2021/2022 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk, and external risk). It included:

Audit, Standards & Governance Committee **21st July 2022**

- 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, procurement, projects, grants, and GDPR were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 3.4 The 2021/22 internal audit plan saw a small revision due to changing circumstances. The revised plan was delivered in full providing sufficient coverage for the Head of Internal Audit Shared Service to form an overall audit opinion.
- 3.5 The results of 14 reviews were taken into consideration. Areas which returned a level of 'limited' or 'no' assurance included debtors, budget monitoring, risk management action plan and procurement.
- 3.6 To mitigate the risk a clear management action plan has been formulated to address the issues identified in all the audit area where 'no' or 'limited' assurance was identified. There is a clear understanding that further work is required to embed risk management throughout the organisation with an action plan being formulated by the Interim Head of Finance and Customer Service and overseen by the Executive Director of Finance and Resource (s151 Officer).
- 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 when reported otherwise. There were some key themes identified specifically in some of the returns which will be picked up directly with management including the financial system and budget monitoring. No areas of significant risk have been identified in addition to those already identified during the year.
- 3.8 Any concerns raised by managers will be assessed and addressed by the Corporate Management Team.
- 3.9 There has been a wide spectrum of assurance applied to the reviewed areas during 2021/22. The implementation of the new finance system has created risk hotspots. This, along with a significant loss of experienced staff due to natural churn and areas of 'limited' or 'no'

Audit, Standards & Governance Committee **21st July 2022**

assurance reviews clearly identify certain areas in the organisation that requires immediate attention to mitigate risk. Audits that 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 give some balance to the overall picture. Any assurance provided is limited to the few areas of the system where controls are in place and are operating effectively. No critical friend reviews were undertaken during 2021/22. It is difficult to draw a comparison with the previous year results and corporate position due to the changing position regarding the recovery from the pandemic and the implementation of the new system which has impacted the whole organisation.

- 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 2022

Audit, Standards & Governance Committee
21st July 2022



**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 and Standards Committee on the 15th July 2021.

Audit, Standards & Governance Committee **21st July 2022**

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:

Audit, Standards & Governance Committee **21st July 2022**

(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:

- review and assess the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, and quality of data;

Audit, Standards & Governance Committee **21st July 2022**

- 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 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.

Audit, Standards & Governance Committee **21st July 2022**

- 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.
- 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.

Audit, Standards & Governance Committee **21st July 2022**

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 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;

Audit, Standards & Governance Committee **21st July 2022**

- 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.

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.

Audit, Standards & Governance Committee **21st July 2022**

- 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;
 - 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

Audit, Standards & Governance Committee **21st July 2022**

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 WIIASS 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>

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

1. Demonstrates integrity:

WIIASS 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 WIIASS team. Areas of risk for WIIASS are identified and mitigated. Potential areas of risk include, but are not limited to, auditors re-auditing Risk Management, NFI, and Regulatory Services in

Audit, Standards & Governance Committee **21st July 2022**

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 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 Management¹and 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.

Audit, Standards & Governance Committee **21st July 2022**

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 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,

Audit, Standards & Governance Committee **21st July 2022**

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 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:

Audit, Standards & Governance Committee **21st July 2022**

<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 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

Audit, Standards & Governance Committee **21st July 2022**

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.

Audit, Standards & Governance Committee **21st July 2022**

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
10.0	June 2022	Review of Charter	AB

Audit, Standards & Governance Committee

21st July 2022

APPENDIX 5

Quality Assurance Improvement Plan.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Position End of March 2022
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)	Completed 30 th September 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	Current Officer training left the Organisation. Ongoing commitment and further training offers to Officers. March 2022
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	Monitoring and review completed with new and improved process being implemented 22/23 March 2022

Audit, Standards & Governance Committee

21st July 2022

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	Mar-22	Monitoring and review completed with new and improved process being implemented 22/23 March 2022
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	Completed 30 th November 2020

Audit, Standards & Governance Committee

21st July 2022

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder		July 2022
Lead Director / Head of Service		July 2022
Financial Services		July 2022
Legal Services		July 2022
Policy Team (if equalities implications apply)	N/a	July 2022
Climate Change Officer (if climate change implications apply)	N/a	July 2022

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BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Quarterly Risk Update

Relevant Portfolio Holder	Councillor – Geoff Denaro Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

2. RECOMMENDATIONS

The Committee is asked to consider:

- The revised definition of a Corporate Risk.
- The present list of Corporate Risks and request any additional risks to be considered.
- That the use of the Risk Management Framework devised by Zurich is appropriate.

3. KEY ISSUES

Background

- 3.1 In 2018/19, an audit of Risk Management provided an assurance level of limited assurance due to weaknesses in the design and inconsistent application of controls. As a result of the audit, a review was commissioned and undertaken by Zurich Municipal to consider the Council's risk management arrangements and to advise of any recommendations. In response to the Zurich review a Risk Management Strategy was produced for both Bromsgrove District Council and Redditch Borough Council.
- 3.2 A follow-up review was carried out by Internal Audit in March 2021 (Final Report June 2021) with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given.
- 3.3 CMT, on the 16th March 2022, acknowledged that there is a risk management system in place, and there are areas of good practice however this was not uniform across the

BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Councils. The embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. It recommended that:

- A initial Officer Risk Board to take place on in the first week of April 2022. This happened on the 8th April. The next round of Officer has now also taken place on the 22nd June.
- Each department nominate a representative to a Risk Board. This happened on the 8th April.
- Each department to complete an updated Risk Register by Wednesday 6th April (linked to the Zurich Recommendations). These were reviewed at the meeting on the 8th April.
- That both Audit Committees, who both met in the week commencing the 11th April be verbally updated on Progress.
- CMT were updated at their meeting on 13th April on progress and were presented with a draft Corporate Risk Register for approval. A further updated took place on the 29th June following the Risk Group meeting on the 22nd June. The updated position is contained in this report.
- That updated reports are prepared for next cycle of Audit Committees. This cycle is in July 2022.
- That the Officer Group update the Risk Register and formally report for CMT on a quarterly basis.

The Definition of a Corporate Risk

- 3.4 The Council has existing Corporate and Departmental Risks. Members of the Risk Board were not sure of the link on how Risks on system had become Corporate in nature.
- 3.5 The following definition of a of how Risks move from being “departmental” to being “corporate” in nature was 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 4Risk System

- 3.6 The Council procured the 4Risk system to manage its risks. Risks are subdivided into Corporate Risks and then Departmental Risks.
- 3.7 Each individual risk has an individual record applied to it to ensure all the pertinent information is captured. This is shown in Appendix A. This always includes a field which sets out when records need to be reviewed.
- 3.8 It was the view of the Risk Board that the system is fit for use, and with the updated definition of Corporate Risks, that Risks can be properly allocated. However, the Board felt that at a Departmental level that they should not be too prescriptive on the number of

BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

risks included as that will relate to how individual departments are being managed and the nature of their services. **The data below shows that there has been risk management taking place at a departmental level.** However, there was the requirement to ensure more uniformity and consistency of reporting.

The baseline risks are included in the following table – this is prior to any Risk Board meetings.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	12	20	13	45
Finance	0	0	4	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities and Democratic Services	0	0	7	7
ICT	2	4	5	11
Planning Services	0	1	1	2
Housing	0	4	5	9
Community Services	1	1	5	7
HR	0	0	1	1
Total	15	35	55	105

After the Risk Board on the 22nd June, the following changes have been made.

All items have been reviewed by Risk Champions and respective DMT's in each Service Area – as per the requirements of the last Risk Board. Risks are being reviewed departmentally on a monthly basis now across all services. Overall, the number of risks on departmental risk registers have reduced by 23 items, with the most significant reductions being around “Red” departmental risks.

There are two areas where more work is required following review at the Risk Board, based on criterion being used in other areas. These are the ICT and Property areas.

In addition, there are significant Risks in the delivery of Regeneration Schemes across both Councils through NWEDR and these also need to be added as their own Category.

BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Another area where Service representatives will challenge individual items, is on the data in the following Tabs, to ensure that all controls and assurances are properly monitored and assured:

- Existing Controls.
- Action Required.
- Assurance Record.

A view was taken that “Green” Departmental Risks should be taken off this list if they have been to two consecutive meetings and mitigating actions have been fully put into place.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	6	12	18
Finance	0	2	2	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities, Democratic Services & Property	0	3	9	12
ICT	2	6	2	10
Planning Services	0	2	1	3
Housing	0	3	4	7
Community Services	0	2	6	8
HR	0	0	1	1
Total	2	29	51	82

The two departmental red risks are:











- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements
- ICT 11 - System functionality to manage records

Corporate Risks

3.9 The Officer Risk Board reviewed the risks in the above table at their meetings on the 8th April and 22nd June using the new definition of “Corporate Risks”. The Board thought that Corporate Risks should be “High” in nature and therefore be red. The table below sets out the updated Corporate Risk Register that the Risk Board took to CMT and gained their approval.

BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Risk Ref	Risk Title	Risk Status
 COR 9	Non Compliance with Health and Safety Legislation	Open View
 COR 10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence	Open View
 COR 14	Non adherence with Statutory Inspection Policy	Open View
 COR 15	Impact from Changes to Partner Funding Arrangements	Open View
 COR 16	Management of Contracts	Open View
 COR 17	Resolution of the Approved Budget Position	Open View
 COR 18	Protection from Cyber Attack	Open View
 COR 19	Adequate Workforce Planning	Open View
 COR 20	Financial Precision Rectification	Open View
 COR 21	BROMSGROVE DC Being placed into special measures due to quality of planning application decisions	Open View

The Risk Management Framework

- 3.10 In 2019, the Council commissioned work with Zurich on Risk Management. A Risk Management Framework was created although this was not approved by CMT at the time. This Risk Management Framework is attached as Appendix B. This Framework was approved for use at the meeting of CMT on the 13th April. The Board can design Risk Training based on its content to managers.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Financial Implications

- 5.1 The Council spend significant sums insuring itself and must also hold Reserves to mitigate the costs of risks should they happen. A comprehensive Risk Management approach ensures risk and its consequences, including financial ones, are minimised.

6. Strategic Purpose Implications

Relevant Strategic Purpose

- 6.1 A comprehensive Risk Management approach ensures **Risk and its Consequences** is minimised for the Council.

Climate Change Implications

- 6.2 The green thread runs through the Council plan. This includes risks linked to activities and actions that link to our climate.

7. Other Implications

BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Customer / Equalities and Diversity Implications

- 7.1 If risks are not mitigated it can lead to events that have Customer/Equalities and Diversity implications for the Council.

Operational Implications

- 7.2 Risks are inherent in almost all the Councils operational activities and therefore significant risks need to be identified, monitored and mitigated.

8. RISK MANAGEMENT

- 8.1 This report is about Risk Management.

9. APPENDENCES

Appendix A – Information Captured on the 4Risk System
Appendix B – Risk Management Framework

AUTHOR OF REPORT

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BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Appendix A - Information Captured on the 4Risk System

FIN 1 - Fail to provide adequate support to managers to manage their budgets

Record Last Reviewed: 29 Mar 2019 11:13 Record Last Updated: 29 Mar 2019 11:12

Cause and Effect Existing Controls Action Required Contingency Details Assurance Record History

Risk Ref: FIN 1

Risk Owner: Chris Forrester [Details]

Risk Status: Open

Corporate Objective: N/A

Risk Area: 02. Finance

Sub Risk Area: Financial Services

Risk Category: N/A

Risk Level: ☐ Corporate ☒ Operational

Project Risk: ☐ Project

Cause(s):

- Managers unaware of what is required
- Maverick behaviour unchecked / unchallenged
- Priorities lying elsewhere (transformation, systems implementation)

Effect(s):

- Insufficient funds to deliver service objectives
- Overspends (or underspends) on budgets
- Reputational damage
- Service quality issues

Linked Risks: [View Linked Risks](#)

Review Required From: 31 Jan 2022

[Review Risk Record](#) [View Risk Review Records](#)

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RISK MANAGEMENT HANDBOOK – TOP TIPS FOR MANAGERS GUIDANCE

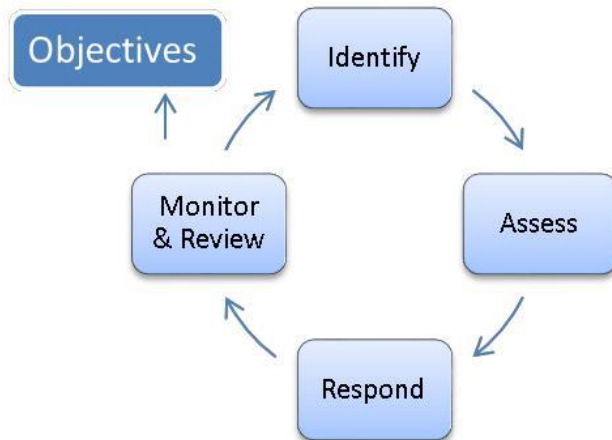
RISK MANAGEMENT AT BDC /RBC

The **Risk Management Handbook** provides an overview for all staff of the council's approach to Risk Management, including the extent to which Performance Management and Data Quality are integral to this.

This '**Top Tips for Managers**' Guide aims to provide more detailed guidance for Service Managers to support the identification and management of risk, aligned with the available resources, and contributing to the delivery of the council's overall strategic purposes

RISK MANAGEMENT CYCLE

The Risk Management Cycle must be applied both to strategic and operational risks. It is as follows:



IDENTIFY YOUR RISKS

- A risk is an event or action that will have an effect on our ability to achieve our purposes
- Those best placed to identify risks are those who are responsible for the delivery of the purposes.

To be effective, Risk Management needs to be aligned with corporate aims, purposes and priorities. At BDC / RBC, risk is embedded at the heart of planning and ongoing performance management.

Strategic risks recorded on the Corporate Risk Register:

- The risks that are potentially damaging to the achievement of the council's overall purposes, or have an impact on the council corporately (e.g. damage to reputation). Strategic risk management is a task for the CMT, in close liaison with elected members.
- Corporate Plan

Operational risks recorded in individual Operational Risk Registers:

The risks associated with individual service delivery, which will be managed by the Service Managers responsible for delivering those services.

RISK MANAGEMENT – TOP TIPS

You can begin to think about your potential risks using a range of tools. These could include:

- Analysing past claims and other losses;
- Analysing past corporate incident/failures;
- Health & Safety inspections;
- Induction training & performance meetings;
- Staff and customer feedback

It may also help to think about the kinds of categories in which risks may sit. Suggestions are listed at Appendix I to assist.

ASSESS YOUR RISKS

Page 92 Once the potential risks to service delivery have been identified, these need to be analysed by:

- Assessing the likelihood of the risk occurring
- Assessing the impact of the risk

Measure the LIKELIHOOD – the chance of something nasty happening

- **High** – event expected to occur in most circumstances
- **Medium** – might occur in most circumstances
- **Low** – likely to occur only in exceptional circumstances

Measure the IMPACT – the effect that something nasty happening would have

Seven criteria can help up measure impact; injury to personnel, loss of service, damage in reputation, number of people involved, scope for complaint/litigation, amount of financial loss or regulatory breach.

We use the following three categories to measure impact. Each can be defined in line with the seven criteria. However, it should be noted that these criteria are for **guidance only** and do not need to all apply exactly. Each risk should be considered individually.

CRITICAL

1. Death, extensive permanent injuries, long term injury
2. Short to medium term loss of service capability
3. Adverse local publicity, potential for embarrassment nationally
4. More than 40 people involved
5. Strong possibility of litigation
6. Financial loss in excess of £250,000
7. Breaches of law punishable by fines and/or imprisonment

SIGNIFICANT

1. Medical treatment required, long term sickness
2. Short to medium term disruption to service capability
3. Needs careful public relations management
4. Up to 40 people involved
5. High potential for complaint, litigation possible
6. Financial loss between £50,000 and £250,000
7. Breaches of regulations/national standards

NOTICEABLE

1. No injuries beyond 'first aid' level
2. No significant disruption to service capability
3. Unlikely to cause any adverse publicity
4. No more than 6 people involved
5. Unlikely to cause complaint/litigation
6. Financial loss below £50,000
7. Breaches of local procedures/standards

NB. A number of low impact incidents may have a significant cumulative effect and require attention.

****Wherever possible, describe your risk using:
“Loss / failure of xxx, leading to xxx, resulting in xxx”****

RISK MANAGEMENT - TOP TIPS

ASSESS contd.

After assessment, the likelihood and impact measures can be input into our Risk Matrix:

LIKELIHOOD OF OCCURRENCE

	RISK ASSESSMENT MATRIX		
HIGH	4	7	9
MEDIUM	2	5	8
LOW	1	3	6
	NOTICEABLE	SIGNIFICANT	CRITICAL
	IMPACT		

This will produce a 'score' for the risk and, more importantly, a colour risk rating (i.e. red, amber or green). These colours define our Risk Appetite (the level of risk we are willing to accept), and therefore guide how we will respond to each risk. *(note this may change subject to current work to identify risk appetite)* The ratings are:

Unacceptable risk: immediate control improvement required
Acceptable risk: monitor closely and seek cost effective control improvements
Acceptable risk: review regularly and seek low cost control improvements if possible

RESPOND TO THE RISKS

Our risks, once identified and assessed, must be dealt with in line with the colour rating/Risk Appetite so we are providing a proportionate and cost effective response.

- Can we take action to reduce the likelihood of the event happening?
- Can we reduce the impact of the event?
- Can we change the consequences of the event?

Ask yourself:

We use four basic ways of responding to risk although, in practice, we will probably need to use a mixture of responses to address risk. These are;

- **Tolerate**
- **Treat**
- **Transfer**
- **Terminate**

See page four for a description of each.

RISK MANAGEMENT – TOP TIPS

Tolerate

- Do nothing / consciously accept the risk
- Certain risks cannot be adequately treated by either avoidance, transfer or control. In such cases, there is no alternative but for the council to accept the 'residual', or remaining, risk.
- We need to keep an eye on trends as too many may need investigation. Although they may not merit the cost of action, even very low risks, if repeated often enough, can become a problem that needs management.

Treat

- Take action to ensure existing controls are effective by periodic review and/or by implementing additional controls where considered necessary to reduce either the impact or likelihood that the event will materialise.
- The effort/cost must be proportionate to the level of risk.

Transfer

- Involves another party taking on, or sharing, the risk.
- Good examples of this are insurance and contracting out/shared services.
- **NB** Ultimate responsibility to undertake statutory requirements remains with the council, even if third party provision is engaged.

Terminate

- Deciding not to continue or proceed with an activity in view of the level of risk involved, wherever possible
- **NB** Statutory Requirements cannot be avoided.

RE-ASSESSING RISK

Putting in place appropriate actions to respond to the risk will allow for the risk to be measured again. The risk matrix can be used to re-evaluate the risk after control measures have been put in place, and this will provide the risk's '**residual score**'.

The 'Residual Score' should be at a level that is acceptable to management, and will also be recorded on the relevant **Risk Register (corporate or operational)**. It will give a measure of the effectiveness of the various control measures, and help to raise awareness of their importance.

It will also inform managers of the level and type of monitoring and management that will be required for the risk on an ongoing basis.

MONITOR & REVIEW THE RISKS

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place. The **Risk Registers** record risks to the council.

Corporate Risk Register

We have a dynamic process of review; identifying new risks, removing mitigated risks and tracking changing risk scores throughout the year. In addition, there are formal review points:

- Published on the intranet
- Reviewed quarterly by risk management group and reported to CMT
- 6 monthly review to Audit Committee
- Annual report also produced for SMT

RISK MANAGEMENT – TOP TIPS

Operational Risk Register

- Council Plan actions and Operational Risk Registers are combined
- Maintained by service areas on the 4 Risk system
- Having carried out assessment of risk, managers must:
- Ensure that the agreed control measures continue to be applied
- Check whether there has been any change in circumstances that necessitate a fresh risk assessment being carried out
- Formally review all risk assessments affecting their areas of activity quarterly, ***providing a current risk score each quarter.***
- Revisit all risks each year.

New Risks

New risks identified throughout the year must be captured on the appropriate risk register, either by Service Managers for operational risks, and then discussed at risk management group meetings, or through notification to the HOS for corporate risks.

New corporate risks will be reported to the next quarter's CMT meeting and added to the register if deemed appropriate by CMT..

The assessment and response to new risks must be recorded in line with the Risk Management Handbook, as with any other risk.

Review

The risk assessment process involves all managers and will be repeated at least annually to monitor the effectiveness of the risk control measures implemented.

Audits are carried out in line with Internal Audit's rolling three year plan to identify opportunities for improvement. Changes in the council and the environment in which it operates will continue to be identified and appropriate modifications made to systems.

The monitoring process will provide assurance that there are appropriate controls in place for the council's activities, and that procedures are understood and followed.

DECISION MAKING, PROJECT PLANNING & WORKING IN PARTNERSHIP

Decision making

The Council needs to be able to demonstrate that it has considered the key risks associated with any proposed activity before arriving at a decision. This must also include considering the key risks associated in deciding against that proposed activity.

Risk therefore needs to be addressed at the point at which decisions are being taken. Where members and managers are being asked to make decisions they will be advised of the key risks associated with the recommendations being made.

Risk management is used to guide decisions and policy development.

RISK MANAGEMENT – TOP TIPS

Project Planning

Risk management must also be an integral part of project management, both in terms of the initial project/solution design and as part of ensuring that projects are delivered successfully.

Working in partnership

Where the council provides services in partnership, potential risks that could prevent success still need to be considered, just as though the council were providing those services itself. Risks should be managed through formal contracts and partnership agreements that clearly identify risks and allocate them to the appropriate parties. They are also included in our Corporate Risk Register.

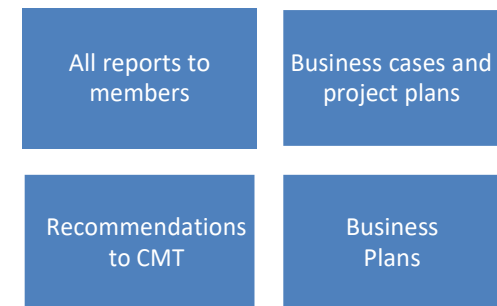
Agreeing clear partnership outcomes is essential from the outset of an agreement. There must be open communication between the partners about the key risks that the partnership faces in achieving its purposes, which are formalised in partnership agreements.

Risks in partnerships should be considered using the council's Risk Management Framework and cycle which will:

- Highlight the risks that the partnership faces
- Identify the barriers to the partnership's success
- Creates a common understanding among partners of the issues the partnership faces
- Prioritise the risks and ensures that these are regularly reviewed and monitored
- Allocates responsibility for managing the risks to the party best placed to do it
- Provides the necessary assurance to each organisation that the partnership is being adequately managed

Risks associated with key partnerships must be regularly reviewed with the monitoring process agreed when the partnership is set up. Reports to the partnership and the individual organisations should be determined by the significance of the risks involved.

The following documents will include formal identification of associated risks:



ACCOUNTABILITIES, ROLES & RESPONSIBILITIES

The Director of Finance and Resources has the lead role for developing the council's approach to risk management. She is assisted by the Finance Manager and Insurance Officer, who support officers in implementing risk management on an annual and day to day basis.

Risks cannot be managed if they are not owned. This means the day to day responsibility for risk management lies with managers and staff.

Roles & Responsibilities are described in Appendix II.

RISK MANAGEMENT – TOP TIPS

TRAINING

Having established responsibilities for risk management, the council must ensure that staff and members have the appropriate skills to undertake the roles.

It is the responsibility of managers to ensure their staff are properly trained in the implementation of this strategy.

A programme of training will then be provided including:

- An induction to 4-risk
- Awareness raising for all staff
- Refresher training
- Ad hoc training from Zurich, the council's Risk Advisers, to meet identified need
- Inclusion of Risk in the Members' Handbook

This 'Top Tips for Managers' Guide is also intended for use as an ongoing training resource.

APPENDIX 1

RISK CATEGORIES

Here is a list of risk categories to help you identify your risks. Risks can be strategic, operational or sometimes a mixture of both. These categories are only intended as a guide to help you consider risk, and will not be exhaustive or cover every risk in every situation.

We also need to bear in mind Governance factors:

APPENDIX 1 contd

STRATEGIC	Sources of Risk	Risk Examples
	Business Continuity	Loss of data / records / buildings
	Infrastructure	Functioning of transport, communications and utilities infrastructure. Impact of storms, floods, pollution
	Financial	Funding sources
	Politics and Law	Effects of change of government policy, UK or EC legislation, national or local political pressures or control, meeting the administrations manifesto commitments
	Social Factors	Effects in changes in demographic, residential and social trends on ability to deliver objectives
	Technology	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability to use technology to address changing demands
	Competition and Markets	Affecting the competitiveness (cost & quality) of the service and/or ability to deliver Best Value and general market effectiveness
	Stakeholder related factors	Satisfaction of: citizens, users, central and regional government and other stakeholders
	Environmental	Environmental consequences of progressing strategic objectives (e.g. in terms of energy efficiency, pollution, recycling emissions etc.)

OPERATIONAL	Sources of Risk	Risk Examples
	Finance	Associated with accounting and reporting, internal financial delegation and control e.g. managing revenue and capital resources, pensions
	Human Resources	Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, employment policies, health and safety and absence rates
	Contracts and Partnerships	Failure of Contractors to deliver services or products to the agreed cost and specification. Procurement, contract and relationship management. Overall Partnership arrangements e.g. for pooled budgets or Community Safety
	Tangible Assets	Security of land and buildings, safety of plant and equipment, control of I.T. hardware
	Environmental	Relating to pollution, noise or the energy efficiency of ongoing operations
	Processes	Infection control, inspection compliance, project management, performance management
	Professional judgement and activities	Risks inherent in professional work such as legal or other professional advice, working with children, designing buildings

GOVERNANCE	Integrity	Fraud and corruption, accountability and openness, equality and diversity, legality of actions and transactions and limits on authority
	Leadership	Reputation, authority, democratic renewal, trust and identity
	Policy and strategy	Ensuring clarity of purpose and communication. Policy planning, community planning and monitoring and managing overall performance
	Data and information for decision making	Data protection, data reliability and data processing. Information and communication quality. Effective use and interpretation of information. Control of data and information.
	Risk Management	Incident reporting and investigation, risk measurement, evaluation and monitoring

RISK MANAGEMENT HANDBOOK – Roles & Responsibilities

APPENDIX I

In the following table, risk management responsibilities relate to business as usual, projects, risks and financial performance

Employees	Resources – (Insurance Officer) <ul style="list-style-type: none"> Leading the annual review of the Risk Management Handbook/Policy and Strategy Maintaining and reporting on the Corporate Risk Register Advising Service Managers on the identification, assessment and management of operational risks during the Service Planning process Working with Service Managers on a quarterly basis to review risk management, as part of the Performance Management Framework Providing ongoing support and training to staff in relation to risk management. Consolidate inspection policy 		All Employees <ul style="list-style-type: none"> All council employees are responsible for ensuring there are robust and fit for purpose systems of internal control and risk management in place, and that they are aware of the risks that they: <ul style="list-style-type: none"> Are empowered to take Must avoid Must report upward Risk Owners are accountable for the management of their own risk, and these are defined in Risk Registers. All staff are responsible for reporting hazards/risks to their manager for escalation/consideration for inclusion in the Corporate Risk Register.
Managers	Senior Management Team / CMT <ul style="list-style-type: none"> Collectively, approving the risk management approach Considering and approving the Risk Management Policy, as formed by the Handbook Individually, ensuring risk is managed effectively in their own service area, in line with the agreed strategy Ensure risk is managed and monitored effectively in shared services (hosted and non-hosted) in their area Affirming and supporting the work of risk management throughout the council, which is an important part of the council's corporate governance arrangements Monitoring corporate risks on a six monthly basis and annually in SMT meetings Reporting all new and amended risks to Insurance Officer for inclusion in the Corporate Risk Register, and to ensure they are linked to the budget planning process 		Service Managers <ul style="list-style-type: none"> Ensuring that all employees within their service understand and comply with the risk management policy & procedures Identifying, evaluating and managing operational risks and reporting any possible corporate risks to the Head of Service Ensure that operational risk registers are established for their services and regularly reviewed to ensure that risks are adequately monitored and managed Formally review all arrangements for risk management affecting their service areas at least annually as part of the business planning process
Members	Council The Leader of the Council is responsible for acting as the Lead Councillor for risk management.	Executive Committee Executive Committee is responsible for considering risk implications when making any decision	Audit, Standards & Governance Committee Notified of Corporate Risk Register and its contents on an annual basis. Review on a 6 monthly basis
All Members	<ul style="list-style-type: none"> Considering risk implications in planning and decision making Have a responsibility to understand the strategic risks facing the council Bringing to the attention and discussing with officers any risks relating to the council's policies and activities, or any risks identified when undertaking duties as an elected member Have an understanding of the key council risks falling within their portfolio area, where relevant Providing leadership and direction for the management of risk on 		
Internal Audit	<ul style="list-style-type: none"> Undertaking audits of the council's Risk Management system and procedures in order to assess their effectiveness and compliance with the council's requirements as part of the corporate governance process Making recommendations to improve the effectiveness of Risk Management within the council 		

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

WORK PROGRAMME 2022/23

July 2022

- Election of the Chairman and Vice-Chairman
- Standards Regime - Monitoring Officer's Report
- General Dispositions Report
- RIPA Report 2022-2023
- Grant Thornton - Housing Benefit 2020/2021 Certification Letter
- Grant Thornton – Progress Report*
- Internal Audit - Draft Audit Plan
- Internal Audit – Annual Report 2021-2022
- Risk Register Update
- Annual Appointment of the Risk Champion
- Audit, Standards and Governance Committee Work Programme

*To be considered in October 2022

October 2022

- Standards Regime - Monitoring Officer's Report
- Grant Thornton – Annual Audit Letter
- Grant Thornton – External Audit Plan 2022-2023
- Grant Thornton – Progress Report and Sector Update
- Grant Thornton - Housing Benefit 2021/2022 Certification Letter
- Internal Audit – 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 2023

- Standards Regime - Monitoring Officer's Report
- External Audit – Progress / Action Plan Update Report
- Internal Audit – Progress Report
- Statement of Accounts 2020/2021
- Financial Savings Monitoring Report
- Overall Risk and Corporate Governance Report
- Risk Champion's Verbal Update
- Audit, Standards and Governance Committee Work Programme

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

March 2023

- Standards Regime - Monitoring Officer's Report
- Audit, Standards and Governance Committee – Annual Report 2022 - 2023
- Grant Thornton – Audit Plan 2023-2024
- Internal Audit - Draft Audit Plan
- Statement of Accounts 2021/2022
- Risk Champion's Verbal Update
- Audit, Standards and Governance Committee Work Programme