

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

14TH JULY 2025, AT 6.00 P.M.

PRESENT: Councillors R. Bailes, D. J. A. Forsythe, E. M. S. Gray, D. Hopkins, B. Kumar, D. J. Nicholl, S. T. Nock, J. Robinson and J. D. Stanley

Observers: Councillor S.J. Baxter, Cabinet Member for Finance

Officers: Mr B. Watson, Ms. N Cummings, Ms D. Goodall and Mrs S. Woodfield

Other Parties: Mr M. Ahmad and Ms H. Clark

Before commencement of the meeting, it was announced to Members that with the agreement of the Leader of the Labour Party, Councillor E.M.S. Gray had been appointed as a member of the Audit Standards and Governance Committee, replacing Councillor H.D.N. Warren-Clarke.

1/25

ELECTION OF CHAIRMAN

Councillor D. Hopkins proposed that Councillor E.M.S. Gray be appointed Chairman of the Committee. This was seconded by Councillor B. Kumar.

Following a show of hands it was

RESOLVED that Councillor E.M.S. Gray be elected Chairman of the Audit, Standards and Governance Committee for the 2025-26 Municipal year.

2/25

ELECTION OF VICE-CHAIRMAN

Councillor D. Hopkins proposed that Councillor S.T. Nock be appointed Vice-Chairman of the Committee. This was seconded by Councillor B. Kumar.

Following a show of hands it was

RESOLVED that Councillor S.T. Nock be elected Vice-Chairman of the Audit, Standards and Governance Committee for the 2025-26 Municipal Year.

3/25

APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillors S. Ammar and S.R. Colella with Councillor J. Robinson in attendance as the substitute Member for Councillor S. Ammar.

Apologies for absence were also received on behalf of the co-opted Member Mr M. Worrall.

4/25

DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

Councillor J. Robinson declared disclosable interests in Minute Item no. 8/25 – Localism Act 2011 – Standards Regime – Dispensations – with Councillor S. Robinson having declared dispensations in the report. They remained present during the debate in respect of this item but agreed not to vote.

5/25

TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 20TH MARCH 2025

The above item was considered by the Committee. Members expressed the view that minute number 63/24 - Audit, Standards and Governance Committee Annual Report 2024/25 was not an accurate record regarding the wording; *Members raised questions with regard to appointing a 'lay' Member onto the Committee. This had been raised a several times recently as recruitment into the role had not been successful.* It was suggested that the need to appoint a 'lay' Member had been continually requested and felt considerably longer than was suggested within the wording of the minutes. Members also expressed the view that there had been no recruitment process for the role and that the suggestion should be removed from the minutes.

The Deputy Chief Executive and Chief Finance Officer added that Government were consulting on and proposing that all Local Government Audit Committees would be required to appoint a 'lay' Member at some point in the future.

RESOLVED that the minutes of the Audit, Standards and Governance Committee held on 20th March 2025, subject to any amendments be approved as a correct record.

6/25

STANDARDS REGIME - MONITORING OFFICER'S REPORT

The Committee considered the Monitoring Officer's report which provided updates on Member Complaints, Constitution Review and Member training as follows:

- Members were informed that several complaints were reviewed since the last report and found not to be substantiated.
- The last Constitution Review Working Group took place on 4th July 2025 and those recommendations from that meeting would be reported to the Council meeting on 16th July 2025.
- The Member Development Steering Group scheduled meeting had been cancelled and re-scheduled for 30th July 2025.
- At the meeting of Cabinet held on 18th June 2025, Members considered and agreed a recommendation from Audit, Standards and Governance meeting held on 20th March 2025, that cyber security training on the Knowbe4 system, used by the Council, should be mandatory for Members.
- The number of anonymous complaints were suggested for review by Members. However, it was explained by the Principal Solicitor that the Council would not generally accept anonymous complaints and only in exceptional circumstances.
- Clarity on cyber security KnowBe4 training for Members being mandatory was requested, including the validity of the last minutes which stated that Officers could not mandate Members to attend the training. In response it was explained and confirmed by the Deputy Chief Executive and Chief Finance Officer that this had been agreed as mandatory, following Cabinet approval. The portfolio holder also added that discussions had been raised in a recent Cabinet meeting, suggesting that members could not be forced to attend the training but if refused, individuals access to the computer systems could be revoked.

It was agreed that Officers would follow up with group leaders regarding Members who had not completed cybersecurity training.

RESOLVED that subject to Members' comments, the Monitoring Officer's report be noted.

7/25

ANNUAL UPDATE REPORT ON REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

The Committee considered the annual update report on the Regulation of Investigatory Powers Act 2000 (RIPA) with the key points highlighted to Members:

- The Council had not used RIPA powers in recent years.
- The policy was praised by inspectors and only minor updates were needed.

During Member's consideration of the item, the following key points were discussed:

- An anomaly was highlighted on the RIPA policy document.
- External training had been provided to all relevant staff.

- The RIPA policy was only used if it was in relation to direct surveillance, for serious criminal offences which carried a custodial sentence of six months or more.
- Trading Standards, in conjunction with the Police, would usually carry out the necessary covert surveillance work, who were considered to have the relevant knowledge and experience.
- The RIPA Policy should be considered and used more widely in areas such as illegal tobacco sales.
- When comparing the Council's use of the RIPA policy with other Council's, in general the policy was not widely used.
- References to "Twitter" in the policy should reflect current platform names. It was agreed that the policy would be amended accordingly.

RESOLVED that

- 1) The Council's RIPA Policy at Appendix 1 as reviewed and updated be endorsed; and
- 2) The update on RIPA activity described in this report be noted.

8/25

LOCALISM ACT 2011 - STANDARDS REGIME - DISPENSATIONS

The Committee considered a report seeking its approval of individual member dispensations with the following points discussed:

- Dispensations fell into four categories which included: general, council tax arrears, Member and outside body appointment dispensations. However, the report related only to individual Member and outside body appointment dispensations.
- The Committee approved a range of dispensations for Members to participate in discussions where they might otherwise have a conflict of interest.
- Members were reminded to update their dispensations as roles changed.
- It was agreed that a reminder would be issued at the next Council meeting for Members to review their dispensations.

RESOLVED that

- 1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;
- 2) the Audit, Standards and Governance Committee grant a dispensation under Section 33 (2) of the Localism Act 2011 to allow

Members to address Council and Committees in circumstances where a member of the public may elect to speak;

- 3) subject to the caveat set out in paragraph 4.9 of this report in relation to setting the Council's Budget, the Audit, Standards and Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of:
 - the Budget;
 - Council Tax;
 - Members' Allowances; and
 - Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the District;
- 4) 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) that the dispensations referred to at resolutions (1), (2) and (3) will remain valid until the first meeting of the Audit, Standards and Governance Committee in the 2027/28 municipal year unless amended by the Committee prior to that date be noted.

9/25

EXTERNAL AUDIT ON BOARDING DISCUSSION UPDATE

Members welcomed the newly appointed external auditors Hayley Clark, Auditor Partner and Mughees Ahmad, Audit Manager from Ernst and Young (EY) to the meeting.

The following key points were discussed regarding the external audit onboarding process:

- It was confirmed that onboarding was completed at the beginning of June.
- The 2023/24 audits would result in a disclaimer of opinion due to historical issues. As part of this, exception reporting around value for money was also taking place which was expected be reported back to the Board by early Autumn prior to the sign off of the accounts. The previous auditors Grant Thornton had issued statutory recommendations which required review also, providing additional work.
- 2024/25 audit would begin in November 2025, with a statutory deadline of 27 February 2026.

Following consideration of the update, the Board discussed the following:

- Members expressed concern regarding the capacity and ability to meet the February 2026 backstop date. However, assurances were given that working collaboratively with the Council and ensuring efficient internal processes, the deadline should be achieved.
- Members also raised concerns regarding whether there would be a clean audit of opinion for 2024/25 accounts. In response it was advised that this would probably be unrealistic. However, Officers did advise on a positive note that the 2024/25 accounts, meeting the public inspection date, was a positive step. A stability programme was also being implemented to assist with future accounts. The Deputy Chief Executive and Chief Finance Officer also explained that Government had declared that it was unlikely that Councils with disclaimer opinions would get clear full audit opinions. However, progress was being made to build assurances for future accounts.
- Members also sought reassurance of the Council's ability to achieve a clean audit of opinion for 2024/25 accounts before Local Government Reorganisation. It was explained by EY that when considering unitary authorities accounts, the level of materiality would increase with the requirement for a risk assessment necessary. The Ministry of Housing, Communities and Local Government (MHCLG) had been informed of this issue impacting many authorities across England and additional guidance would be made available.
- A future report outlining the audit strategy and build-back approach would be provided to the Committee.
- As requested, clarity was provided to Members that the 2022/23 accounts had been signed off by the previous auditors Grant Thornton and given a disclaimer of opinion.

RESOLVED that the external auditors' progress report be noted.

10/25

ANNUAL REPORT OF INTERNAL AUDIT FOR 2024/25

Members considered the annual report of internal audit for 2024/25.

The report provided the Annual Internal Audit Opinion for the financial year 2024/25, as required by the Accounts and Audit Regulations 2018 and the Public Sector Internal Audit Standards. It supported the Council's Annual Governance Statement by offering independent assurance on the adequacy and effectiveness of governance, risk management, and internal control processes.

The report provided a reasonable level of independent assurance that the Council's internal controls and risk management processes were effective and supported the achievement of its strategic objectives.

The following key points were discussed:

- Three audits received limited assurance: GPC credit card usage,

accounts payable and procurement with follow-up audits planned to address the issues.

- Service performance had improved significantly with planned audits delivered 93% of the planned days, compared to 58% the year before.
- Team productivity had improved from 66% to 81%.
- Internal audits were on track to achieve the 85% productivity target for 2025/26.
- Continuous improvement activities were being carried out, including an auditor skill set review, individual training and development needs to include environmental sustainability training.
- Risk of fraud was evaluated on every individual audit delivered.
- External quality assessments were carried out during the financial year, with a general conformance with the standards.
- How the Council demonstrate organisational independence was also included within the report.
- Internal audits were mostly in compliance for the new global internal audit standards for the forthcoming year which had replaced the previous public sector internal audit standards. However, a three-year audit strategy was in development.

Following the review of the item, Members discussed the key points below:

- Members expressed the view that Senior Officers were taking the necessary accountability and actions for risk identified by the Council.
- Invoicing, single persons discount, 4Risk System, General Purchasing Cards (GPC) card usage, accounts payable, procurement and contract management were of particular risk concern.
- Officers agreed to continue tightening controls on GPC card usage, restricting access to GPC cards, monitoring spend and reducing the number of users.
- Officers did give assurances that although risks had been highlighted, it was a demonstration that internal audits were being carried out effectively and that the Council were actively working to improve their risk strategy.
- Internal audit would be reporting limited assurance areas to the Senior Leadership Team (SLT).
- The 4Risk System had been upgraded due to past protracted issues.
- Procurement and contract management training was being issued to Officers.
- Adequate and suitable extra resources were agreed to be reviewed by the Chief Executive to ensure stability for the Finance Department.

RESOLVED that the annual report of internal audit for 2024/25 be noted.

11/25

INTERNAL AUDIT PLAN 2025/26

The Committee considered the draft Internal Audit Plan for 2025/26.

The key points were discussed:

- The plan was risk based, designed to support the Council in achieving its objectives.
- The approach to audit planning had changed with each area selected by internal audit had been discussed and agreed with SLT, following a review, which included key areas such as procurement and contract management.
- The internal audit plan was based upon a resource allocation of 250 chargeable days, which had been agreed by the Deputy Chief Executive and Chief Finance Officer.
- There was a 15-day contingency for ad hoc advice.
- Any significant amendments during the year would be reported to the Audit, Standards and Governance Committee.

Following the presentation, areas of discussion included:

- Any future Local Government Reorganisation (LGR) considerations, as part of audit plans, would be reported to the Committee.
- Spend on agency staff across local government had increased significantly, particularly in areas such as finance, planning and ICT. It was explained that this was due to difficulties in filling vacancies or if a permanent post had been terminated.
- Members requested future reporting of benchmarking to include agency staff, consultancy spend, procurement and contract management, to compare with other councils which was agreed to be provided by relevant officers.

RESOLVED that the 2025/26 Internal Audit Plan, subject to any amendments be approved.

12/25

FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON STATEMENTS OF ACCOUNTS

The Deputy Chief Executive and Chief Finance Officer introduced the report which set out details of delivery against key financial requirements.

The key points were discussed as follows:

- Reporting on the national indicators had been moved into appendices.
- The Council were complying with national and local requirements. The local requirements generally were delivered through the

budget, which was approved on 19th February 2025, in particular with regard to the Treasury indicators.

- The Government had published a list of councils who had not complied with publishing their 2023/24 accounts in accordance with the backstop date of 28th February 2025 which included BDC. Members were advised that this was due to the Council not having external auditors at that time.
- The Council met the deadline for publishing the 2024/25 accounts.
- A financial stability plan was being developed to include the Tech One financial system, Financial Rules, Training Plan and Procurement Processes which would be reported at a future meeting.
- VAT returns were being submitted monthly; a large refund was still under negotiation. Some historical VAT issues remained under review, particularly around shared services with Redditch Borough Council.

RESOLVED that

- 1) the position in relation to the delivery of the 2024/25 Accounts and the auditing of the 2023/24 accounts,
- 2) the position in regard to other financial indicators set out in this report,
- 3) the current position with the Council's new External Auditor, Ernst and Young, and
- 4) the introduction of a Financial Stability Plan following the successful delivery of the Financial Improvement Plan be noted.

13/25

FINANCIAL SAVINGS MONITORING REPORT

The Committee received a report which set out the final position on the financial savings programme with the following key points considered:

- The Council ended the year with a £129k underspend, largely due to additional fleet and finance cost savings with the accounts completed and offset by investment interest, lower interest payments and additional grant income. This compared to an underspend figure of £53k reported at Quarter 3 – a £76k improvement of the Council's position.
- The largest savings was due to pension costs linked to the 23-triennial revaluation, which ran for three years.
- The position at year end 2023/24 in terms of departmental savings included two Amber items which required careful monitoring. The Red item in relation to Finance would not be delivered, with additional resources established to ensure the accounts were up to date.
- Some savings targets (e.g. planning income, parking, waste) remained at risk which could be largely impacted by LGR.

- Future savings monitoring reporting were to be reviewed and reported through the monitoring report, with considerations for this to be scrutinised under the Finance and Budget Working Group. It was agreed by the Committee that this proposition would to be discussed further with the Chairman of the Finance and Budget Working Group.
- Clarity on the overspend for Shared Services was requested by Members. It was explained that future reporting would be amended to show the overspend for individual services.

RECOMMENDED that the Outturn position on the 2024/25 Departmental Savings Programme, including any potential implications for future years be noted.

14/25

RISK MANAGEMENT REPORT / QUARTERLY RISK UPDATE

The Committee considered an update report about corporate and departmental risks presented by the Deputy Chief Executive and Chief Finance Officer.

The following discussions were carried out:

- A new, simplified risk report format was introduced.
- Members were encouraged to provide areas for improvement within the risk reporting. However, after consultation with the portfolio holder, corporate risks would include further narrative.
- 14 corporate risks were identified which included Planning decisions and potential special measures, Cybersecurity and Shared service delivery.

Following the presentation, Members discussed the following:

- Further detail on mitigation actions and timelines for the Service (departmental) Risks were requested.
- Members also requested clearer action plans and accountability for risk owners.

RESOLVED that the strategic risks detailed in the Corporate Risk Register and changes to risk scores and removal/addition of new risks be noted.

15/25

ANNUAL APPOINTMENT OF RISK CHAMPION

The Board considered the annual appointment of Risk Champion.

Councillor R. Bailes, the former Risk Champion for the 2024/25 municipal year, had decided to step down as Risk Champion. Following discussions concerning her involvement in the role, expressing disappointment at the lack of productivity when recommendations had been advised, it was agreed by the Deputy Chief Executive and Chief

Finance Officer that a draft role description and proposal would be reported back to Members for the Risk Champion position.

It was agreed that the appointment would be deferred pending a review of the role's purpose and impact.

16/25

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Audit, Standards and Governance Committee Work Programme was considered by Members.

Members discussed the need for an additional meeting to be added to the work programme schedule to ensure productivity within the future scheduled meetings and considered moving from four to five meetings per municipal year which was noted by the relevant Officers for review.

It was also agreed that Officers would review the scheduled meeting for January to be moved to February 2026 to align with audit deadlines.

RESOLVED that the contents of the Committee's work programme, as reported, be noted.

The meeting closed at 8.48 p.m.

Chairman