

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

23RD JANUARY 2020, AT 6.00 P.M.

PRESENT: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), J. E. King, C. J. Spencer and K. J. Van Der Plank

Officers: Ms. J. Pickering, Mr. A. Bromage, Mr. M. Bradley, Mrs. P. Ross and Mrs. J. Gresham

30/19 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors A. J. B. Beaumont, S. J. Baxter and Parish Councillor J. Cypher.

31/19 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

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

32/19 **MINUTES**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 10th October 2019 were submitted.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 10th October 2019 be approved as a correct record.

33/19 **MONITORING OFFICER'S REPORT**

The Executive Director, Finance and Resources presented the report and in doing so drew Members' attention to paragraph 3.3 in the report, detailing that there had been three parish council complaints, two of which had been resolved, with the third complaint currently ongoing.

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

The Member Development Steering Group continued to carry out the review of Members' use of IT equipment and its suitability and had looked at the new Member Induction Programme and any improvements that

could be made, which included the provision of appropriate training sessions.

The Constitution Review Working Group continued to review behaviours at meetings, supplementary questions and regularly reviewed the scheme of delegations. Recently the group had discussed the timings for submission of both questions and notices of motion.

RESOLVED that the Monitoring Officer's Report be noted.

34/19

EXTERNAL AUDIT - PROGRESS REPORT

Mr. Neil Preece, Engagement Manager, Grant Thornton presented the sector update report which related to emerging public sector national issues and the audit progress to date.

Members' attention was drawn to page 24 of the main agenda pack, which detailed the Financial Statements Audit. Mr. Preece reported that this was in its early days but was going well. It was also reported that there were challenges that Grant Thornton and officers had faced in completing the audit by the earlier deadline of 31 July. Mr. Preece explained that in order to ensure that their staff and Council officers were not placed under excessive pressure to complete the audit by 31 July; they had agreed with the Council's Chief Executive and the Director of Finance that for 2020 they would report their work and aim to give their opinion on the Statement of Accounts at a later date, which would be agreed by officers. He reassured Members that there were no consequences if the Statement of Accounts were submitted later however it would mean that officers would be able to respond in a more considered way.

The Executive Director, Finance and Resources informed the Committee that the new deadline would mean that the timeline for the Statement of Accounts would be as follows:

- Draft set of accounts – end of May 2020
- Published set of accounts subject to Audit – end of July 2020
- Sign off set of accounts – October 2020 (Audit, Standards and Governance Committee meeting)

Mr. Preece continued and drew Members' attention to page 25 of the main agenda pack – 'Events' and explained that officers would be invited to their Financial Reporting Workshop in February, which would help ensure that members of the Finance Team were updated with the latest

financial reporting requirements for local authority accounts. He also explained that Public Sector Audit Appointments Limited (PSAA) had issued some changes that would impact on the cost and timing of audits in the future, Grant Thornton were currently reviewing the impact of these changes and this would be discussed with the Council's s151 officer, including any proposed variations to the Scale Fee set by PSAA Limited.

Members raised several questions on the proposed fee changes and possible increases given the changes in future audits. Mr. Preece explained that they were currently examining the new scope of audits and any fee changes. The Executive Director, Finance and Resources informed the Committee that the PSAA had awarded contracts for audit for a five year period. The Council's new contract with Grant Thornton had seen a significant decrease over the years, there had been an £8,000 decrease in fees from 3 years previously.

Cllr K. J Van Der Plank asked whether Members were able to attend the workshops that had been arranged for officers by Grant Thornton. Mr. Preece explained that the workshops were very technical as they were aimed at accounting and finance officers and may not be the most useful for Members. The Executive Director, Finance and Resources informed Members that she was happy to scope more suitable training for Members.

Members thanked Mr. Preece for providing a comprehensive report.

RESOLVED that the Grant Thornton – Sector report and audit progress update, as detailed at Appendix 1 to the report, be noted.

35/19

EXTERNAL AUDIT - HOUSING BENEFIT REPORT

Members were presented with the Grant Thornton Certification Work Report 2018/19, Housing Benefit claim for 2018/19, which related to over £14.9m of expenditure.

Mr. Preece informed Members that this work had to be delivered under a scope of work prescribed by the Department of Work and Pensions (DWP). It was a significant and complex piece of work. There were a number of additional testing that needed to be undertaken. Members were reassured by Mr. Preece that unfortunately the nature of the testing was at a materiality level, which meant that errors that equated to only £2 were picked up and had to be reported on. However, he was pleased to report, that, as last year, they agreed with all of the judgements and conclusions made by officers and did not need to extend their testing.

The Chairman questioned how Bromsgrove District Council's figures compared to other Councils. Mr. Preece confirmed that most of the errors were down to data entry mistakes rather than significant errors within the system. The Executive Director, Finance and Resources further stated that things had improved as there was now a Quality Team in place working with audit, so quality assurances carried out had improved.

RESOLVED that the Grant Thornton – Certification Work Report 2018/19 and Certification Letter 2018/19, as detailed at Appendix 1 to the report, be noted.

36/19

INTERNAL AUDIT - PROGRESS REPORT

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

Members were informed of the 'Summary of Assurance Levels', as detailed on page 44 of the main agenda pack, with attention to the two audits with a 'limited' assurance level, Markets and Document Retention. It was confirmed that the Head of Internal Audit Shared Services would provide copies of the full reports for both 'limited' assurance reviews undertaken to Committee Members. It was further agreed that the full reports for any future 'limited' assurance level audits, would be provided to Committee Members.

Members' attention was drawn to pages 52 to 60 and 69 to 71 of the main agenda pack which detailed the audit findings for the two audits with a 'limited' assurance level. Members were referred to the 'Management Response and Action Plan' for both audits and further informed that a robust action plan had been established regarding the Bromsgrove Town Centre Market and Document Retention.

The Executive Director, Finance and Resources commented that both areas had been discussed at CMT (Corporate Management Team) and clear actions were being taken.

Following a lengthy debate, the Executive Director, Finance and Resources and the Head of Internal Audit Shared Services, responded and provided clarification to Members on the following items:-

- Controls of retention schedule – follow up report to be presented to the Committee in March 2020.

- Risk Management and Procurement audits – These were on hold whilst the team considered the current work being undertaken in these areas.

The Chairman requested that audit reports presented to future meetings of the Audit, Standards and Governance Committee be amended in order to show phasing of each audit and whether the audit was proceeding satisfactorily and as scheduled. It was also requested that future audit reports be printed in colour in order that Committee Members can easily identify the high risk areas.

RESOLVED that the Internal Audit Progress Report be noted.

37/19

HEALTH AND SAFETY AUDIT (VERBAL UPDATE REGARDING THE ATTACHED DOCUMENTS)

The Chairman welcomed the Senior Health and Safety Advisor, to the meeting to discuss the findings of the Final Internal Audit Report, Health and Safety (H & S) 2018/19 in more detail as requested at the previous meeting of the Committee. The following was noted from the verbal update:

- The audit had taken place prior to the Senior Health and Safety Advisor commencing his employment with Bromsgrove District and Redditch Borough Councils. He had looked at the H & S audit and had reached the same view as the auditors. He continued to liaise with internal audit. Many of the issues highlighted have now been addressed.
- H&S Statements and Manuals have been updated and approved and shared with the Trade Unions.
- The Senior Health and Safety Advisor has undertaken training for Council staff. Two training courses have been delivered regarding Risk Management with further training ongoing.
- The Senior Health and Safety Advisor does not believe there is a need to commit to IOSH Managing Safely as a mandatory course, as there are alternative routes that could be taken.
- Contractors must assess their own risks and communicate these to the Council prior to works commencing.

- The Council has worked closely with a Fire Risk Assessor from RIDGE to review evacuation procedures, such as regarding preventing re-entry into a building.

Members asked further questions with regard to the frequency of policy renewal and fire evacuations. The Senior Health and Safety Advisor reassured Members that there would now be a cycle of policy renewal annually and that fire risks were carried out every 6 months (this included actual evacuations).

It was further noted that H&S was given a high priority within the Council and that training and risk assessments had now been undertaken.

There was a detailed discussion regarding business continuity should there be a catastrophic event. The Executive Director, Finance and Resources informed the Committee that there was a robust plan in place which was implemented when a fire broke out in the Bromsgrove District Council server room. Officers agreed to circulate the detailed report, on this incident, that was produced by the Head of Transformation & Organisational Development.

The Chairman thanked the Senior Health and Safety Advisor for his informative update.

38/19

INTERNAL AUDIT PLAN 2020 - 2021

The Head of Internal Audit Shared Services presented a report that informed the Committee on the Internal Audit Draft Operational Plan for 2020-2021.

Members were informed that the draft plan had been shared with the Corporate Management Team. Committee Members were being asked to consider the draft plan and that this was an opportunity for Members to see and comment on the audits to be included in the plan. The Head of Internal Audit Shared Services commented that as the Council moved forward into 2020/21, there could be some changes to the draft plan; however, the final plan would be presented for Members consideration at the Audit, Standards and Governance Committee meeting in March 2020.

The Head of Internal Audit Shared Services asked the Committee to note that the report had been written at the end of August and that he would provide a verbal update where required. This would provide a dynamic approach to planning and enable officers to look at emerging risks.

Members questioned how it was decided that an audit would be undertaken in any particular year. The Head of Internal Audit Shared Services confirmed that the risk register was considered and if there was an increased or significant risk in a certain service area then an audit would be included. 'Limited' areas were targeted and other areas not looked at in the current years plan would also be included. There were concerns from Members that this approach could limit the lens of how risk was approached and perhaps officers needed to take a broader approach, with Members suggesting that the auditors look at the risks surrounding planning and to discuss these with officers.

The Head of Internal Audit Shared Services further informed the Committee that there were certain areas that auditors had to cover and that auditors also had to work to a specific scope.

At the request of the Chairman, the Head of Internal Audit Shared Services agreed to provide information on the following to the next meeting of the Committee:-

- Total audit days (under/over) for the previous year's plan.
- Limited Assurance Audits, as presented to CMT. What are the priorities for the team?

RESOLVED that the Internal Audit Plan 2020-2021 Report be noted.

39/19

FINANCIAL SAVINGS MONITORING REPORT JUNE TO SEPTEMBER 2019

The Executive Director, Finance and Resources presented the Financial Savings Monitoring Report for April to September 2019/20. In doing so she highlighted the savings identified of £332k which had been delivered in the financial year, as detailed at Appendix 1 to the report. £166K of these identified savings were in relation to estimated vacancies. In addition to these savings, officers were required to find further savings throughout the financial year 2019/20. At quarter 2 additional savings (above those already identified) were realised of £558k.

It was noted that the Council's External Auditors, Grant Thornton had recommended that these savings be monitored more closely.

A discussion followed whereby Members questioned the way in which savings were reported and that there was no way of reflecting any extra income that had been generated e.g. through commercial waste services.

This meant that all revenue generated showed as savings rather than income. Officers agreed to include more detailed information on savings and the impact on staff with regard to vacancies savings in future reports.

In response to questions from Members with regard to vacancies savings and staff being put under additional pressure; the Executive Director, Finance and Resources informed the Committee that there was currently a freeze on recruitment; however, any business critical vacancies would be filled.

Members also questioned other savings that had been made, for example the new print contract and reduction in car mileage claimed. The Executive Director, Finance and Resources confirmed that an holistic approach was taken when the new print supplier was procured in order to compliment other initiatives that the Council was undertaking i.e. recycling and waste were considered as part of the tender process when procuring a new print supplier.

RESOLVED that the final financial position for savings for April to September 2019/20, as detailed at Appendix 1 to the report, be noted.

40/19

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

Councillor Van der Plank provided the Committee with a verbal update, as her role of Risk Champion.

It was noted that Councillor Van der Plank had visited Environmental Services to discuss risks at an Operational and Strategic level and was planning to visit each service area.

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

Members enquired about the risk of Brexit and officers confirmed that a Members' briefing had previously been distributed to all Committee Members from the Executive Director & Deputy Chief Executive, Leisure, Culture, Environment and Community Services regarding Brexit and associated risks.

The Democratic Services Officer agreed to re-distribute the Brexit briefing note from the Deputy Chief Executive & Executive Director to Committee Members.

41/19

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

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

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

The meeting closed at 7.35 p.m.

Chairman