

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY, 7TH OCTOBER 2021, AT 6.00 P.M.

PRESENT: Councillors L. C. R. Mallett (Chairman), P. J. Whittaker (Vice-Chairman), R. E. Jenkins, J. E. King, A. D. Kriss, M. Middleton and K. J. Van Der Plank

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

Officers: Mr. J. Howse: Mrs. C. Felton, Mr C. Forrester, Mr. A. Bromage and Mrs. P. Ross

15/21 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors A. J. B. Beaumont and C. J. Spencer and Mr. B. McEldowney, Parish Council's representative.

16/21 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

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

17/21 **MINUTES**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 15th July 2021 were submitted for consideration by the Committee.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 15th July be approved as a correct record.

18/21 **STANDARDS REGIME - MONITORING OFFICERS' REPORT**

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

- One Member complaint had been received since the last meeting of the Committee and a number of general Parish Council queries of a procedural nature had been received and were being dealt with at a local level.
- Since the last national lockdown had ended on 19th July 2021, the Council had adopted a risk assessment-based approach, informed by health and safety considerations, which had been determined by the Corporate Management Team (CMT) following consultation with Group Leaders. These arrangements were being reviewed on a monthly basis. The Council continued to strongly encourage social distancing at committee meetings, and this informed arrangements when organising meetings. Therefore, meetings held in-person were being organised so that attendees sat at least one metre apart and were strongly encouraged to wear face coverings throughout meetings, unless exempt.
- An in depth all Member training session, via Microsoft Teams, in respect of Local Government Finance was scheduled for 13th October 2021. The training would be facilitated by the Executive Director of Resources and the Head of Finance and Customer Services.
- The Member Development Steering Group was due to meet in October 2021, with a further meeting of the group due to take place later in the municipal year.
- The Constitution Review Working Group meetings had now been scheduled. Any recommendations arising from meetings of the group would be reported to Council for Members' consideration.

The Monitoring Officer reiterated the requirements issued by Central Government with regard to Members and Officers attending in-person public meetings. Other non-public meetings could be, and had been, delivered via Microsoft Teams. The Monitoring Officer commented that should things change with regard to public meetings, she was happy to liaise with all Group Leaders going forward.

In response to queries from some Members, the Executive Director of Resources agreed to send out a reminder email to all Members with regard to the Member training session in respect of Local Government Finance scheduled for 13th October 2021.

RESOLVED that the Monitoring Officers' Report be noted.

GRANT THORNTON - PROGRESS REPORT - VERBAL UPDATE

Mr. J. Murray, the Engagement Lead, Grant Thornton provided the Committee with a verbal update and in doing so, highlighted that their Audit Opinion 2019/2020 and Value for Money (VFM) 2019/2020 conclusion would be issued by 5th October 2021 and would be made available on the Council's website.

The Annual Audit Letter 2020/2021 was yet to be completed however the draft version would be shared with senior officers and the Annual Audit Letter 2020/2021 would be presented at the next meeting of the Committee.

The 2019/2020 audit response was now concluded, and the 2020/2021 draft accounts were being looked at along with the timetable to deliver their Audit Opinion and VFM conclusion. It was confirmed that the Audit Plan 2021/2022, Financial Statements, Quarter 1, and the Audit conclusion 2020/2021 would be presented to the next meeting of the Committee.

In response to Members, Mr. Murray informed the Committee that their audit opinion was as follows:

- Unqualified – VFM conclusion
- Unqualified - Financial Statements Audit

In response to questions from Members with regard to any increase in fees, Mr. J. Murray, reminded Members that some years ago the way in which auditors were appointed had changed and authorities had the ability to appoint their own external auditors. The Council had chosen to "opt-in" to the scheme where the Public Sector Audit Appointments (PSAA) appointed auditors and set the fees.

However, any increase in fees and the reasons for any variations would go through the PSAA for consideration. The PSAA consideration with regard to any additional fees would be included in the Annual Audit Letter 2020/2021.

In response to further questions, Mr. Murray continued and highlighted that remote working had been challenging for auditing bodies and auditors, although they continued to liaise closely with finance officers and an increased effort had been required in proving that the figures were accurate.

It was confirmed that it was positive that a clean audit opinion had been issued as it had been a challenging time for the audit sector. The new changes made in the finance team and the introduction of the new Enterprise Resource Planning system, would now provide a better set of working papers.

Going forward officers will look to deliver the next cycle of accounts and ensure that all working papers were ready on time, of good quality and that the appropriate finance team was available to respond to any queries raised. It was noted that there would still be an element of catching up, so it was important to agree a realistic timetable.

The Chairman acknowledged and commented that he understood that it had been a challenging time for the audit industry at large in delivering remotely and the capacity to deliver long term.

RESOLVED that the Grant Thornton – Progress Report Verbal Update, be noted.

20/21

INTERNAL AUDIT PROGRESS REPORT

The Head of the Worcestershire Internal Audit Shared Service presented the Internal Audit Progress Report to Members, which provided commentary on Internal Audit's performance for the period 1st April to 31st August 2021, against the performance indicators agreed for the service.

The final full audit reports were provided for the following reviews:

- Projects 2021/22
- Council Tax 2020/21
- Benefits 2020/21
- Creditors 2020/21
- Health and Safety Training Records 2020/21
- Critical Review – use of Agency staff and consultants 2020/21

Members were informed that with regards to Council Tax and Non-Domestic rates, there was a clear recovery plan for any monies owed.

During the presentation the following was also highlighted for Members' attention:

- Summary Dashboard:
 - Productivity (end of Q1) - 59% (against targeted 74%)

- Overall plan delivery to date – 43% (against target >90%)

- Residual 2020/21 Audits - the outcomes of which were detailed at Appendix 3. 2021/22 Audits taking place at as 31st August 2021, Project review had been finalised, Worcestershire Regulatory Services review was at draft stage report, GDPR review was at clearance stage and the following reviews had commenced and the outcomes of the reviews (listed below) would be reported to the Committee on completion:
 - Treasury Management
 - Procurement
 - Grants
 - Benefits
 - NNDR

- Planning Applications Sec 106 agreements 2019/20 - the recommendations had now been implemented; therefore no further action was required.

In response to questions from Members with regards to comparing Bromsgrove to other local authorities, the Head of the Worcestershire Internal Audit Shared Service commented that it was really a question of risk profile for Bromsgrove and those risks being mitigated to the level one could expect. Any concerns would be raised with the Section 151 officer and Members of this Committee.

The Head of the Worcestershire Internal Audit Shared Service further explained that the internal audit plan was formulated using risks across the authority and various intelligence in order to draw together a profile to put the internal audit programme together. It was noted that risks changed, new risks emerged and that inevitably there had been some changes during the last 18 months due to the Covid-19 pandemic. Officers had and were working in a hybrid way; but could and did attend in person if needed and that the clients were happy to do this. In addition to this it was confirmed that Officers were able to audit remotely where they had direct access to systems to identify core data.

The Executive Director of Resources further commented that with regard to the statutory requirements for audits it was his responsibility to ensure that there were adequate control systems in place and that internal resources were also adequate and covered key risks in key financial systems. It was confirmed that Committee Members could challenge the audit plan and timescales.

The Head of the Worcestershire Internal Audit Shared Service responded to questions from Members regarding the 'Productivity' and 'Overall plan delivery to date' targets. It was stated that critical reviews had not reduced overall coverage. However, there were a number of aspects to consider including fluctuation with staff illness and staff vacancies. Members were informed that there were so many factors feeding into productivity and that targets were operational and may fall short, which could have an effect on how the plan was delivered. It was reiterated that it was all about judgement, ensuring that Members received the assurances expected and made aware of any potential risks to the authority. With regards to the days detailed at Appendix 3 to the report, the metrics were not usually changed throughout the year, and were on a cumulative basis. Officers tried to deliver against those targets, however the process may need to be amended if things changed throughout the year.

RESOLVED that the Internal Audit Progress Report be noted.

21/21

RISK REGISTER VERBAL UPDATE

The Head of Finance and Customer Services provided a brief verbal update to the Committee. He explained that there was currently a lot of work being undertaken with the Council's insurance provider, Zurich.

Officers were reassessing risk profiling and were engaging with Zurich in order to identify Strategic and Operational risks. The current Risk Register was being reviewed and updated working alongside Zurich, and that the next step would be for officers to work with Zurich looking at risk exposures and how delivering services could be done more effectively.

In response to Members, the Head of Finance and Customer Services commented that, the work carried out with Zurich in identifying and reducing risks would result in claims being defended and premiums being reduced. Members were reassured that, once the work with Zurich had been finished a report would be provided to the Committee.

RESOLVED that the Risk Register Verbal Update be noted.

22/21

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

It was noted that, apologies had been received from Councillor A. J. B. Beaumont, therefore this item was deferred until the next meeting of the Committee.

23/21

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

RESOLVED that the Committee's Work Programme be noted.

The meeting closed at 7.20 p.m.

Chairman