

Bromsgrove District Council



Audit, Standards and  
Governance Committee

# ANNUAL REPORT

2021-2022



**Bromsgrove**  
District Council

[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

## **CHAIRMAN'S FOREWORD**

I am pleased to introduce the Audit, Standards and Governance Committee's 2021/22 Annual Report. The report sets out the full range work undertaken by the Audit, Standards and Governance Committee in providing an independent assessment of the wide range of controls and corporate governance.

The Committee and its members have a vital role in providing assurance both to the Council, and importantly to the public as to transparency, compliance and value for money from Bromsgrove District Council. Alongside this the Committee is responsible for ensuring that improvements to the governance of the Council are delivered and sustained.

Throughout the year the Committee has continued to meet in a hybrid format – with members present in the room, and officers and advisers generally joining by video conference. This is clearly not an ideal way to operate, and we do hope circumstances will permit a return to single format meetings soon. This impact is of course not limited simply to the function of the Committee, and Covid has continued to have an impact on the day to day operation of the Council and our audit functions.

There has been progress in the operation of the audit assurance responsibilities of the Committee. Members have sought to continue to take a proactive approach to concerns raised through our internal audit function, especially around limited assurance audits and to ensure follow through of overdue audit actions.

I would like to thank our 151 Officer, James Howse, our Monitoring Officer, Claire Felton our Internal and External audit partners, our Democratic Services team, the Vice-Chairman and all the members of the committee for their hard work over the last year and for the continued progress that is being made as a result. I commend this report to members of the Council and believe that it sets out the work the Audit, Standards and Governance Committee has carried out in assuring both the financial health and governance of Bromsgrove District Council.

**Chairman**  
**Councillor Luke Mallett**

**MEMBERSHIP**



Luke Mallett (Chairman)



Peter Whittaker (Vice Chairman)



Andrew Beaumont



Rachel Jenkins



Janet King



Adrian Kriss



Maria Middleton



Caroline Spencer



Kate Van Der Plank

**INTRODUCTION**

This report provides an overview of the Audit, Standards and Governance Committee's activities during the municipal year 2021/22.

The ultimate responsibility for Audit rests with the Portfolio Holder with responsibility for Finance and the Section 151 Officer. The Portfolio Holder is expected to attend each meeting in line with the Constitution.

During the year the Committee has considered reports on the following subjects:

- Monitoring Officer's Report – which details complaints and training which has taken place during the period between meetings.
- New Model Code of Conduct.
- Updates from the external auditors, Grant Thornton in respect of their work.
- Updates on the work of the Internal Audit Team.
- Corporate Risk Register.
- Risk Management Strategy
- The Risk Champion's Update Report.
- Statement of Accounts
- Regulation of Investigatory Powers Act 2000 (RIPA) Report.

Further information about some of the key responsibilities of the Committee are detailed within this report.

# **THE ROLE OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

## **Scope and Responsibility**

The Audit, Standards and Governance Committee provides independent assurance to the Council in respect of:

- The effectiveness of the Council's governance arrangements
- The Annual Governance Statement
- The Review of the Annual Statement of Accounts
- Risk Management Framework and strategies
- The effectiveness of the Council's financial and non-financial performance
- Anti-Fraud arrangements
- Whistle-blowing strategies
- Internal and external audit activity
- Democratic governance

The Committee is also responsible for the Council's Standards Regime which covers both District and Parish Councils. Areas encompassed within the Standards Regime include:

- Promoting High Standards of Conduct by Councillors and co-opted members of Council bodies.
- Assisting Councillors and co-opted members to observe the Members' Code of Conduct.
- Advising and training Members and co-opted members in respect of the Code of Conduct.
- Formulating advice to members and officers in declarations of gifts and hospitality.
- Granting dispensations to Councillors and co-opted members from requirements relating to interests as set out in the Code of Conduct.
- Considering reports from the Monitoring Officer following investigation into a complaint about elected Members.

## **Meetings of the Committee – 2021-2022**

The Council's constitution requires the Audit, Standards and Governance Committee to hold quarterly meetings.

During the municipal year 2021-2022 the Covid-19 pandemic continued to have a significant impact on Council operations. The Government removed the temporary legislation that allowed local authorities to hold public meetings virtually in May 2021. This meant that Audit, Standards and Governance Committee meetings were once again held in person after May 7<sup>th</sup>, 2021. During consideration of the Monitoring Officer's report at the Committee meeting held on 15<sup>th</sup> July 2021, Members were

informed that a consultation had been undertaken by Central Government in order to better understand the success of virtual and hybrid meetings at a local level. In the meantime, the Council 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.

## **Standards Regime**

There are two main areas which are considered regularly in terms of the Committee's responsibility for Standards.

### **Monitoring Officer's Report**

This covers Member Training, Member Complaints and Parish Council matters.

Due to Covid-19, training was more challenging than in previous years. However, a comprehensive training programme had taken place in the 2019-2020 municipal year due to the 2019 Elections. Training did take place online during 2021-2022 and included Local Government Finance training and Planning Refresher Training.

Members continued to work on occasions remotely during 2021-2022 and in order to make this process efficient and effective a Member ICT Support Officer was made available to respond to Members' queries and IT issues.

The Member Development Steering Group met a number of times throughout the municipal year and items for consideration included:

- Regular Members ICT updates
- Local Authority Finance Training
- Carbon Literacy Training

In addition to those listed above Councillor K. Van Der Plank, in her role as Risk Champion for 2020-2021, had made a number of recommendations regarding Safeguarding at a meeting of the Audit, Standards and Governance Committee meeting held on 1<sup>st</sup> September 2022. These recommendations were considered by the Member Development Steering Group.

The Constitution Review Working Group continued to meet during 2021-2022. Recently the group has discussed the process for considering Notices of Motion at Council and their referral to other Committees and Membership Arrangements for Working Groups.

A number of Member complaints were received throughout the municipal year 2021-2022. In addition to this a number of general Parish Council queries of a procedural nature were received and were being dealt with at a local level. All queries and complaints were dealt with at a local level.

### **Dispensation Report**

At the Audit, Standards and Governance Committee meeting held on 15<sup>th</sup> July 2021 the Dispensations Report was presented to the Committee. This report explained that under the Localism Act 2011 there was a requirement to consider the granting of Individual Member Dispensations. In addition to this, it is necessary to consider General Dispensations (including Budget and Council Tax discussions) and Outside Body Appointment Dispensations. The dispensations agreed at this meeting remain valid until the first meeting of the Audit, Governance and Standards Committee following the next District Council Elections in 2023.

### Parish Council Involvement

The Parish Council representative is able to add any item on to the agenda as required and this is highlighted within the Monitoring Officer's Report. Whilst the Parish Councils have the opportunity to appoint two representatives on the Committee, as has happened in previous years, only one of these places was taken up and the Parish Council representative for the municipal year 2021-2022 is Mr B. McEldowney.

### Investigations and Enquiries

There have been a number of complaints this year at both a Parish and District level. These continue to be investigated locally by the Monitoring Officer.

There have been no investigations about Members which required a Hearings Sub-Committee to be convened.

The appointed Independent Person has continued to support the Monitoring Officer where necessary.

## **INTERNAL AUDIT REPORT**

During the year the Committee has continued to receive updates on the work of the Internal Audit team including details of the following completed audit reports:

- Internal Audit Progress Monitoring Report 2020/21 and 2021/22
- Internal Audit - Annual Report 2019-2020
- Internal Audit – Audit Plan 2020-21
- Internal Audit Plan 2021 - 2022

## **EXTERNAL AUDITORS**

During the year the Committee received reports from the current External Auditors, Grant Thornton on the following subjects:

- Grant Thornton - Progress and Sector Reports
- Grant Thornton Annual Audit Letter 2020-2021
- Grant Thornton External Audit - Audit Findings Report
- Grant Thornton - Housing Benefit Report 2020/2021
- Audit Opinion and VFM conclusion 2020/2021
- Audit Plan 2021/2022

The Progress Reports were considered at each meeting of the Committee and covered a range of issues including the following:

- Value for money
- Significant Risks
- Financial Statements
- Housing Benefits

Internal Audit Annual Report 2020 - 2021

During consideration of this item technical issues were experienced. However, it was agreed that the Committee would consider the report and any questions for the Head of Internal Audit Shared Service would be included as part of the next Internal Audit Progress Report which was due for consideration by the Committee in October 2021.

Members were particularly interested in Allocated number of Audit days and service productivity.

Annual Audit Plan 2021/22

As detailed above the Head of Internal Audit Shared Service experienced technical issues during this item however the report was still considered. During this discussion it was noted that the Annual Audit Plan 2021-2022 was already being followed for this municipal year.

It was accepted by the Committee that the Audit Plan was being carried out during unprecedented times due to the Covid-19 pandemic and that the Key Performance Indicators (KPIs) would be measured at the end of the municipal year.

RIPA Report 2021-2022

The Regulation of Investigatory Powers Act 2000 (RIPA) gives local authorities powers to conduct covert surveillance under certain circumstances. The Audit, Standards and Governance Committee review the Council's RIPA policy at least on an annual basis. This review of the policy also includes the Authority's use of the Act and any amendments made to the policy since it was last considered by the Committee. During this update the only amendment made to the RIPA policy since it was last considered by the Committee in July 2020 was the appointment of Mr. J. Howse, Executive Director of Resources and s151 Officer, as the Council's 'Senior Responsible Officer' for the RIPA regime.

During consideration of this report by the Committee, the Council's RIPA Policy as reviewed, was endorsed and the update on RIPA activity was noted.

Risk Register Update - Verbal Update

The Risk Register update is a regular item that is presented to the Committee. During this update Members were informed that projects looking at best practice and internal policies from a risk perspective were being undertaken with the Council's insurance

provider, Zurich. It was hoped that this would improve and ensure robust processes were in place in this area.

7<sup>th</sup> October 2021

### Grant Thornton - Progress Report - Verbal Update

At this meeting of the Committee Members were informed that the 2019/2020 audit response had now been concluded as follows:

- Value For Money conclusion - Unqualified
- Financial Statements Audit - Unqualified

In addition to this the Committee was informed that the 2020/2021 draft accounts were being looked at along with the timetable to deliver their Audit Opinion 2020-2021 and Value For Money conclusion for that year.

Members are often interested in the potential increase in fees for audits and these regular updates provide an opportunity to inform Members of any changes to the ways that audit fees are administered. At this meeting the Committee was reminded that were there to be any additional fees included for the 2019-2020 audit these would be passed for consideration by Public Sector Audit Appointments (PSAA) and that these would be included in the Annual Audit Letter 2020/2021.

As was the case throughout the Covid-19 pandemic, challenges had been experienced throughout the sector in the preparation of the audit and associated working papers. It was hoped that going forward new changes within the Finance team alongside with the implementation of the Enterprise Resource Planning System that better quality working papers would be provided.

There had been a change to the timetable of accounts during the municipal year 2019-2020 and this inevitably had an impact of the delivery of the accounts for the following year. However, Officers were working closely with Grant Thornton to ensure an appropriate timeline for completion of any outstanding audits.

### Internal Audit Progress Report

At the meeting held on 7<sup>th</sup> October 2021 six final full audit reports were provided for Members' consideration and it was noted that five reviews had commenced for future consideration of the Committee.

Risk was discussed in detail by Members as part of this update in particular how the Internal Audit Plan was formulated. The Head of Shared Service Internal Audit described how the Internal Audit Plan was formulated using risks across the Authority

and various intelligence in order to draw together a profile to formulate the internal audit programme. 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

### Risk Register Verbal Update

Further to the discussions as part of the previous item, a Risk Register update was provided to members at this meeting. Work was still being undertaken with Zurich, the Council's insurance provider in order to identify Strategic and Operational risks.

A review has been undertaken of the current Risk Register and the next step to this project was to look at risk exposures and how delivering services could be done more effectively. Members were reassured that, once the work with Zurich had been finished a report would be provided to the Committee.

## 2<sup>nd</sup> February 2022

### Standards Regime - Monitoring Officers' Report

The Monitoring Officer presented her report and along with the standard information that was provided to Members there was discussion regarding Member's safety particularly at public meetings. It was explained that there were some lone working trials taking place and that the Committee would be updated when further information was available. It was likely that this issue would be referred to the Member Development Steering Group for further consideration. However, a number of issues would certainly need to be taken into consideration before restricting public access to public meetings.

### Grant Thornton - Sector Update

The external auditors, Grant Thornton presented Members with the Sector Report at the meeting held on February 2022. The report provided the Committee with a summary of emerging national issues and developments that may be relevant for local authorities.

A particular focus of this update was regarding the growing complexity of local authority accounts, with audit firms now being asked to carry out more work in each audit, to comply with new regulatory demands and to adapt to the new multifaceted landscape in which local authorities operated, whilst also struggling to hire and retain experienced auditors. The extra work had inevitably impacted on fees which was also discussed at this meeting.

The amount of work for external auditors to finalise local authority accounts has significantly increased, with added pressure on local authorities, as highlighted in the Redmond Report which Members had considered at a meeting earlier in the municipal year.

### Grant Thornton - Annual Audit Letter 2019/20

The Annual Audit Letter 2019/20 provides Members with a high-level summary and overview of the key findings arising from the work carried out for the year end 31st March 2020.

An unqualified opinion was submitted on the group's financial statements on 5th October 2021. Although there had been some significant delays experienced, officers reported that work was being carried out to improve this for next year and to ensure that information was robust.

### Internal Audit - Progress Report

The Internal Audit Update report presented at this meeting provided commentary on Internal Audit's performance for the period 1st April to 31st December 2021. All recommendations made from Internal Audit reviews undertaken during this time period have a clear management plan and implementation dates. At this meeting Members identified several implementation dates had not been reached. The relevant service areas would be revisited as necessary to ensure that the agreed implementation plan was being carried effectively.

Safeguarding was discussed in detail at this meeting particularly the number of 'follow up' reviews that were taking place. It was explained that Safeguarding was revisited on a number of occasions in order to satisfy auditors, who when revisiting an area, would check that all implementation dates had been addressed with the appropriate officers. The Committee agreed that this was an extremely important area and would continue to monitor this area closely and invite the relevant Head of Service to the next meeting of the Committee.

### Decision to opt into The National Scheme For Auditor Appointments Managed By PSAA

Members considered a report on the 'Decision to opt into the National Scheme for Auditor Appointments managed by Public Sector Audit Appointments' (PSSA) as the 'Appointing Person' at the meeting held on 2<sup>nd</sup> February 2022.

The Council had previously opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23. The report presented

at this meeting detailed the procurement process by the PSAA for the next appointing period, covering audits for 2023/24 to 2027/28.

A detailed discussion took place, and it was explained to Members that the Council has the option of arranging its own procurement and to make the appointment itself, or it has the option of running a joint procurement in conjunction with other bodies, or the Council can join and take advantage of the national collective scheme administered by PSAA.

Once all of the information was considered, Members were asked to vote on the following recommendation:

**RECOMMENDED that**

- a) Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for a procurement period of five financial years from 1 April 2023 (that was to say from 2023/24 to 2027/28).

Members of the Audit, Standards and Governance Committee voted in favour of the above recommendation. The report and the recommendation were presented at the Full Council meeting held on 23<sup>rd</sup> February 2022 where it was resolved.

12<sup>th</sup> April 2022

**Standards Regime - Monitoring Officers' Report**

The Monitoring Officer presented her brief report and in doing so, it was highlighted that there had been no further Member complaints received since the last meeting of the Committee.

**New Model Code of Conduct**

The Monitoring Officer presented an update in respect of the New Model Code of Conduct and explained that 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.

**RECOMMENDED that**

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

Members of the Audit, Standards and Governance Committee voted in favour of the above recommendation. The report and the recommendation were presented by the Vice-Chairman of the Committee at the Council meeting held on 18<sup>th</sup> May 2022 where it was resolved that it be adopted.

#### Grant Thornton - Sector Update

This regular report was presented at the meeting held on 12<sup>th</sup> April 2022 and provided an overview of work that was currently being undertaken in the sector.

#### Grant Thornton - External Audit Plan 2020/2021

The External Audit Plan 2020/2021 was presented for consideration by the Committee at this meeting. 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 and that delays had been experienced due to levels of staffing.

Particularly noted within this report was the Value for Money arrangements which had been changed for the year ending 2020/21 as 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 which would most likely result in an increase in audit fees, for future audits.

An update on the levels of staffing was provided as part of this item and it was explained that there had been a recruitment drive in this team, but it was recognised that the current recruitment market was difficult and competitive.

#### Grant Thornton - Informing The Audit Risk Assessment 2020/21

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 and that Grant Thornton were comfortable with the management responses and the related policies.

#### 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. It was acknowledged that there had been resource challenges experienced over the financial year 2020-21.

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. During consideration of this item 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.

#### 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. Contained within the report was the outcome of the Risk Management report which had been given an opinion of 'no assurance'. However, 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 when 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 item contained within this report, that work had begun on the Risk Management plan and actions had already started to be completed.

#### 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 in order to fully understand and ensure that the Safeguarding actions highlighted as part of the internal audit were being managed appropriately.

It was explained during this update that Safeguarding training was rolled out to all members of staff and that the training was compulsory and refresher training had to be undertaken every three years using an online application. Currently mandatory training records were being monitored by Directorate Support until the Human Resources Training system was live.

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 at this meeting with Members in agreement that it should be delivered

somewhere between the introductory training and level 1 training that was available.

#### 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 Council meeting scheduled for 22nd June 2022.

#### Risk Champion - Verbal Update Report (Councillor A. Beaumont)

At this meeting and in his role of Risk Champion, Councillor 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 at the Authority and the actions that needed to be undertaken going forward.

### Annual Appointment of Risk Management Champion for the Committee

Each municipal year a Risk Management Champion is appointed to the Committee to look at risk across the Council. For the municipal year 2021-2022 Councillor A. Beaumont was elected as Risk Champion. As part of this role a verbal or written update is provided to the Committee at each of its meetings.

**Legal, Equalities and Democratic Services**

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