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Audit, Standards and Governance Committee

23rd May 2024

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

23RD MAY 2024, AT 6.00 P.M.

PRESENT: Councillors H. D. N. Rone-Clarke, R. Bailes, D. Hopkins, S. T. Nock, J. D. Stanley, S. R. Peters, A. Bailes (Substitute), A. M. Dale (Substitute), E. M. S. Gray (Substitute), R. J. Hunter (Substitute) and J. Robinson (Substitute)

Observers:

Councillor Karen May – Leader of the Council and Cabinet Member for Strategic Partnerships and Enabling

Mr. Jackson Murray – Key Audit Partner, Grant Thornton (on Microsoft Teams)

Cllr. Marc Worrall – Parish Councils' Representative

Officers: Mr. P. Carpenter, Mrs. C. Felton, Mr. C. Green, Ms. D. Goodall, and Mrs. J. Gresham.

1/24

ELECTION OF CHAIRMAN

Councillor R. J. Hunter proposed that Councillor D.J. Nicholl be appointed Chairman of the Committee. This was seconded by Councillor J. W. Robinson.

Councillor E. M. S. Gray proposed that Councillor H. Rone-Clarke be appointed Chairman of the Committee and this was seconded by Councillor D. Hopkins.

Following a show of hands it was

RESOLVED that Councillor H. D. N. Rone-Clarke be elected Chairman of the Audit, Standards and Governance Committee for the 2024-25 Municipal year.

2/24

ELECTION OF VICE-CHAIRMAN

Councillor E. M. S. Gray proposed, Councillor A. M. Dale seconded that Councillor S. T. Nock be appointed Vice-Chairman of the Committee. On being put to the vote it was

RESOLVED that Councillor S. T. Nock be elected Vice-Chairman of the Audit, Standards and Governance Committee for the 2024-25 Municipal Year.

3/24 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received from Councillors D. J. A. Forsythe, S. M. Evans, D. J. Nicholl, C. A. Hotham and D. G. Stewart. Their substitutes were Councillors A. M. Dale, J. W. Robinson, R. J. Hunter, A. Bailes and E. M. S. Gray respectively.

4/24 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

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

5/24 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 7TH MARCH 2024**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 7th March 2024 were submitted for Members' consideration.

RESOLVED that the minutes of the Audit, Standards and Governance Committee held on 7th March 2024 be approved as a correct record subject to the correction of a typographical error in minute number 67/23, Quarterly Risk Update, in the last sentence of the second paragraph replacing 'dye' with 'due'.

6/24 **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.

In response to a question, the Monitoring Officer explained that she reported periodically to the Committee about any trends in member complaints, but details of specific complaints were confidential unless there was a formal outcome. She confirmed that a Councillor who was the subject of a complaint was told that a complaint had been made against them and the substance of it.

RESOLVED that the Monitoring Officer's report be noted.

7/24 **GENERAL DISPENSATIONS REPORT**

The Committee considered a report seeking of approval of a number of general member dispensations applying to all Members in addition to the individual member dispensations requested up to the point of this meeting (as detailed in the report).

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 the report in relation to setting the Council's Budget, the Audit, Standards and Governance 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 2027 unless amended by the Committee prior to that date.

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). The revised Code of Practice for Covert Surveillance and Property Interference, 2018, 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 was published in compliance with that requirement.

It was noted that there were no changes to the policy other than updating it to reflect changes to officers' responsibilities. In response to a query, the Monitoring Officer reported that as part of managing the safety of officers, all officers involved were trained in their responsibilities. The Deputy Chief Executive and Section 151 Officer also reported that the Whistleblowing Policy would be presented to the next meeting of the Committee.

RESOLVED that

- 1) the Council's RIPA Policy (version 8.3) as reviewed and updated be endorsed; and
- 2) the update on RIPA activity described in the report be noted.

9/24

GRANT THORNTON - EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered a progress report from the External Auditors. It was noted that work to reconcile the old and new IT systems was in its final stages and as reported elsewhere in the agenda the Section 151 Officer now felt able to issue the 2020/21 draft accounts for audit.

Previous meetings of the Committee had discussed the backstop arrangements for dealing with outstanding Local Authority accounts, which the Government had consulted on in the first quarter of the calendar year. The auditor reported that there was no further update on this currently.

During consideration of the report the following points were raised:

- The Chairman thanked the Council's officers and the team at Grant Thornton for the progress made with the reconciliation.
- A councillor asked for details of the VAT payment owed to the Council. The S151 Officer reported that for the 3-4 year period being discussed the Council was owed in the region of £3-4m by HMRC. The Council needed to be up to date by the end of September for a refund in full of the sum outstanding up to the end of 2021.
- The S151 Officer reported that the Council was not obliged to bring draft accounts to the Committee, but further to comments at the previous meeting, it was felt prudent to do so prior to their publication on the Council's website. The Committee would consider the audited accounts later in the year.
- Further to a question about the timetable for production of other years' accounts, the Committee noted that as previously reported there were currently there were over seven hundred outstanding

unaudited local authority accounts across the sector in England. The timescale for approval/audit of the Council's draft accounts for years 2021-22 onward was not yet known.

- Previously the Committee had discussed addressing the outstanding opening balance transfers as a first step and this issue was now largely resolved. At the time of the previous Committee meeting, it was thought likely that the 2021-22 and 2022-23 accounts would probably be 'backstopped' and the new external auditors would begin their audit of the 2023-24 accounts. The announcement of the General Election would likely impact on this timescale.
- In response to a question, the Section 151 officer explained the background to the 'backstop' arrangements and the implications of these on both the Council and the External Auditors' priorities and workloads. A member asked whether this might also impact on the auditors' fees. The Section 151 officer responded that the Council was bound by the Public Sector Audit Appointments (PSAA) fee structure, and discussions were currently being held about the work undertaken for arriving at Value for Money opinions as well as on audits of the accounts.

RESOLVED that the external auditors' progress report be noted.

10/24

INTERNAL AUDIT PLAN 2024/2025

The Committee considered the draft Internal Audit Plan for 2024/25. This was a risk-based plan as required by the Public Sector Internal Audit standards.

The plan was largely based on a review of corporate and departmental risk registers and included review of four fundamental financial systems and proactive counter fraud work by review of the corporate credit card and petty cash systems. The internal audit team would revisit previous audit report recommendations to check on implementation.

230 days had been allocated to carrying out the work set out in the Plan although the time allocated to management had been reduced by 8 days to increase resources applied to audit work. A flexible approach would be taken enabling amendments to the plan to be made if priorities changed. The Head of Internal Audit reported that recent recruitment to two Senior Auditor posts had been successful, and it was hoped that a full complement in the team would be available by the end of the summer, with agency staff being used to fill gaps in the meantime.

During consideration of the report the following points were discussed:

- In response to a question, the Head of Internal Audit confirmed that some health and safety audit work was included in the Plan as part of the statutory inspections review and insurance. A corporate health and safety audit was not currently planned; this would look at processes rather than specific working practices.

Any separate specialist audits carried out in council services would be reported through the Auditor's Annual Report. The Section 151 Officer undertook to check where the corporate Health and Safety Plan was published. Members discussed how those in leadership roles could be satisfied that the Council's policy was being carried out in practice. In the light of the importance of effective health and safety to the organisation, the Committee agreed to add audit of the corporate health and safety plan to the Internal Audit Plan.

- Whether the time allocated to fraud investigation meant that there were concerns about this. The Head of Internal Audit responded that there were no current concerns, but it was prudent to allocate time to this in case potential issues emerged during the year.

RESOLVED that the 2024/25 Internal Audit Plan be agreed with the addition of audit of Corporate Health and Safety.

11/24

FINANCIAL COMPLIANCE REPORT INCLUDING PROGRESS UPDATE ON STATEMENTS OF ACCOUNTS

The Section 151 Officer introduced the report which set out details of delivery against key financial requirements. Details were being sought about the Council's Tax and NDR collection returns for Q4 which was the only return which appeared not to have been met, although the Council had provided returns to Central Government for both elements. In response to a question, it was clarified that the publication deadline in the table in the report was when the Government was due to publish the information.

It was the Section 151 Officer's view that the Council's 2020-21 Accounts could now be published on the Council's website and would be open for public inspection. It was estimated that the draft 2021-22 accounts would be delivered by late June and the draft 2022-23 accounts by late August. These would be published on the website with disclaimers to be clear that they were unaudited and with no audit adjustments. Key issues remaining were the non-payment of VAT and revenue outturn reports.

The new external auditors were waiting for formal outcomes of consultations which took place earlier this year before issuing audit plans. They were working on Value for Money in the meantime.

With reference to the accounts, Councillor S. T. Nock asked why there was no current commentary in the accounts to explain that they were late. He also raised a number of examples where there appeared to be inconsistencies between the figures and the narrative. He stated that the accounts were difficult to understand, for example, the reference to an Independent Auditor was not clear in terms of who it referred to.

The Section 151 Officer responded that conventions for the layout of the accounts had changed over time and some elements which had, in his

view, helped present them in an accessible way had been removed. The narrative related to the accounts for the period they covered (2020-21) and it was likely that the updated detail would be included in the Governance Statement.

In response to the queries raised, the Section 151 Officer would meet with Councillor S. T. Nock and review the queries he had raised and if appropriate update them prior to publication of the accounts on the Council's website. He would also circulate a summary of the outcome of the meeting to Members of the Committee.

RESOLVED that

- 1) Progress on the 2020/21 Audit process be noted; and
- 2) The Section 151 Officer reviews points raised during the Committee's consideration of the draft statement of accounts 31st March 2021 prior to their publication on the Council's website.

12/24

FINANCIAL SAVINGS MONITORING REPORT

The Committee received a report which set out the final position on the 2023-24 financial savings programme.

The Section 151 Officer highlighted that there were two items at the year-end which were classified as 'amber' in terms of potential risk to achievement: Service Reviews and Capacity Grid Project. There was in addition a risk to the establishment from rising costs, despite a tight control being exercised by senior managers. The Capacity Grid project was being delivered currently but the time lag in recording debts was a risk to delivery.

There was one red item – Finance Vacancies - which would not be delivered despite a recent recruitment drive to the finance positions.

During consideration of the report, Members queried the application of the New Homes Bonus funds and the requirements for application of these. The Leader of the Council addressed the Committee and asked what the financial implications would be if the Redditch Library project did not proceed. The Section 151 Officer undertook to provide a written response.

RESOLVED that the final position on the 2023/24 Departmental Savings Programme be noted, including any potential implications for future years.

13/24

QUARTERLY RISK UPDATE Q4 2023/4

The Committee considered an update report on corporate and departmental risks.

The Section 151 Officer reported that a corporate risk had been added relating to General and local elections, which had anticipated that the General election would be held later in the year and might impact on the Local Government Settlement. Given that the election had been announced for July, this risk would probably be reviewed at the next meeting. Two risks had moved from amber to green (COR 17 and COR 21) due to mitigating actions. There were four new departmental risks.

At the last meeting of the Committee, Members had asked for details about the Amber rated Housing risks relating to gas safety inspections, asbestos and mould and where the responsibilities lay for such services between the Council and the relevant housing associations. The Section 151 Officer reported that the landlord was responsible for maintaining properties to the relevant legal requirements and in Bromsgrove for social housing this was BDHT. The Council's liability would apply to buildings it owned.

During consideration of the report issues discussed included:

- Members welcomed the improvement in the performance of planning in terms of quality and speed of decision making.
- It was queried whether the risk to procurement should be upgraded to 'red' given the magnitude of the function. The Section 151 Officer responded that there would be more detail in the quarterly monitoring reports, but officers were taking steps to manage procurement risk.
- How cyber security was being addressed – The Section 151 Officer gave broad details of actions being taken. He undertook to raise with the ICT Transformation Manager a query raised by about being able to use the Council's phishing report system when logged on via a non-council device.
- Whether consultants were being used to address the non-adherence with statutory inspections – It was confirmed that specialists were used due to the nature of the work.
- Delivery of levelling up funding and how this was being managed to reduce the risk of non-delivery. The Section 151 Officer responded that an update report would be presented to Overview and Scrutiny. Risks were managed dynamically with the contractors at Windsor Street and Market Hall projects. Members suggested that the detail in the report relating to the Levelling Up and UKSPF projects risk could be made clearer.
- In response to a question the Section 151 Officer reported that currently the projects funded by Levelling Up funds were due to meet the relevant targets for using Government money.
- Whether the Council 'stress tested' health and safety compliance – The Section 151 Officer would report back on an external review of the Council's compliance.
- In response to questions the Section 151 Officer gave details of how the Council was preparing for the requirements of the Environment Bill. However, clarity on the preferred fuel for vehicles in the future was needed before firm plans could be

made. Arising from this it was suggested that potential service failure should be included as a risk.

RESOLVED that the present list of Corporate and Departmental risks be noted.

14/24

ANNUAL APPOINTMENT OF RISK CHAMPION

This item was deferred to the next meeting.

15/24

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Audit, Standards and Governance Committee Work Programme was submitted for Members' consideration.

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

The meeting closed at 7.45 p.m.

Chairman

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