

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

15TH JULY 2024, AT 6.00 P.M.

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

Observer: Councillor S. Colella, Cabinet Member for Finance.

Officers: Ms D Goodall, Mr C. Green, Mrs J. Bayley-Hill, Ms S. Woodfield and Mr M. Sliwinski.

16/24 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received from Councillors S.M. Evans, D.J. Nicholl and D Stewart, whose substitutes were Councillors J.W. Robinson, R.J. Hunter and E.M.S. Gray respectively.

17/24 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest.

18/24 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 23RD MAY 2024**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 23rd May 2024 were submitted for Members' consideration.

RESOLVED that the minutes of the Audit, Standards and Governance Committee held on 23rd May 2024 be approved as a correct record.

19/24 **WHISTLEBLOWING POLICY - UPDATE**

The Assistant Director Finance and Customer Services introduced a report which set out the background to a review of the Council's Whistleblowing policy. The updated policy was presented for Members' consideration.

During consideration of the report, the following were the main points raised:

- What protection there was for those who raised concerns, for example to prevent potential bullying or harassment.

- It was suggested it could be made clearer who the policy applied to.
- In response to a question about whether training on the Policy would be provided, it was noted that this would form part of a comprehensive training programme to be launched by the HR team. The Head of Internal Audit reported that Internal Audit could also support the provision of training as necessary.
- It was suggested that it should be made more explicit in the policy who the person raising a concern should report to if they did not feel able to report it within their departmental management structure.
- Members suggested that the Policy as a whole should be simple to understand which would make it easier for people to come forward. An escalation flowchart might be helpful in this regard.
- The Head of Internal Audit suggested that if the Council did not already have one, a fraud response plan could set out relevant steps to follow and would also be accessible. Internal Audit could support the drafting of this if required; although it might mean a review of the internal audit plan would be necessary, it appeared reasonable to do this in view of the value added in this important area.
- There appeared to be an inconsistency between the issues outlined in the Public Interest Disclosure Act and those referred to in the policy (between definitions in paragraphs 1.6 and 1.11 of the Whistleblowing Policy) and it was not clear whether all the instances referred to in the Act had been included in the policy.
- Members asked when the policy was due to be reviewed by Browne Jacobson.
- Whilst use of the intranet (Orb) to share the contact details for the further reporting routes was useful, it was suggested that provision should be made for employees who did not use the Intranet routinely.
- In response to a question, it was noted that employees were encouraged to seek advice before reporting a concern and it was clarified that it was not intended that such advice would be sought externally. It was also confirmed that employees were not expected to provide detailed evidence when reporting concerns.

It was agreed that the policy would be reviewed in the light of the Committee's comments and brought back for further consideration. Officers would liaise to arrange for the item to be included in the Committee's work programme.

RESOLVED that the Whistleblowing Policy be reviewed in the light of comments made at the meeting and consideration of an updated draft be included in the Committee's work programme at an appropriate meeting.

The Head of Internal Audit presented the Internal Audit Annual Report for 2023-24. The Accounts and Audit Regulations and the Public Sector Internal Audit Standards (the Standards) required the Head of Internal Audit to provide an annual Internal Audit Opinion and report that could be used by the organisation to inform its Annual Governance Statement.

The report showed that a reasonable standard of assurance had been reached overall, which was the second of the four available ratings. All ten of the audit assignments during the year had achieved at least a reasonable rating of assurance. In addition, the team had carried out one critical friend review of key controls on transactions and balances on the general ledger, validity of accounts receivable transactions and the extent to which TechOne was being used by budget managers to forecast their budget outturns. This review had largely positive outcomes but there were some recommendations for improvement, in particular for reconciliations, which managers had already been aware of. A full internal audit of this would be carried out later in the current financial year.

Further to section 4 of the report, Quality Assurance and Compliance with Professional Standards, the Head of Internal Audit reported that the team had just had an independent external quality assessment. The results of this were positive and the service was awarded the highest of the three grades. He planned to bring the full report and action plan arising from the assessment to the next meeting of the Committee.

During consideration of the report the main points discussed were:

- Section 7 – summary of Internal Audit Findings – a member asked for details about the finding that investment limits had been potentially exceeded between Bromsgrove and Redditch Authorities in one case. The Assistant Director Finance and Customer Services reported that Bromsgrove and Redditch Councils sometimes loaned funds to each other, but this arrangement was not formally recognised in the Treasury Management Strategy. It was planned to update the Strategy to address this when it was reviewed in February 2025.
- Arising from reference in the report to cyber security, a member asked what actions the Council could take with regard to the potential risk relating to ‘deep fake’. It was noted that the Council balanced the need for transparency in its business with security and when meetings were broadcast this was paused whenever exempt information was discussed.
- The view was expressed that assessment of ‘reasonable’ for the audit of project management did not reflect concerns about potential non delivery of projects. It was noted that the audit had reviewed processes rather than outcomes, but this aspect could be picked up when the issue was revisited by Internal Audit.
- It was noted that a review of ICT Cyber Security had identified the authority as an exemplar in proactively monitoring its defence to a cyber-attack as the ICT service conducted weekly health checks

when it was only required to conduct a penetration health check annually. Members expressed the view that this positive assessment should be recognised and promoted.

- A member asked whether the recruitment to vacancies in the audit team had been achieved. The Head of Internal Audit reported that the senior posts had been filled and he was currently recruiting to an auditor vacancy. In the meantime, the work was being covered by agency employees. He would report progress with the work programme to the next meeting, but indications were that the team was achieving 50% more work in the first quarter of this financial year compared to last.
- A member challenged the findings of the debt management audit in relation to the payment for garden waste collections, and the Assistant Director Finance and Customer Services explained the timing of billing for the service.
- In relation to the audit of the Lifeline service, a member queried the approach to debts write off and asked how the service was currently advertised and whether more could be done to promote it. The Assistant Director Finance and Customer Services reported that debt recovery in this area was behind schedule currently due to other pressures, but she outlined the process behind a decision to write off debt. This included understanding an individual's circumstances and ability to pay. In view of comments about the value of the service and concerns about effective promotion, the Chairman undertook to write to the Cabinet Member for Health and Wellbeing and Strategic Housing about the views expressed by Committee members and ask that it be considered at a Member Advisory Group.

RESOLVED that the Internal Audit Annual Report and Audit Opinion 2023/24 be noted.

21/24

QUARTERLY RISK UPDATE (Q1 2024-25)

The Committee considered a quarterly update report for quarter 1 2024/25, which set out Council activity to identify, monitor and mitigate risk.

The Assistant Director Finance and Customer Services highlighted changes since the previous report to Committee. The number of Corporate and Departmental risks had reduced. She drew the Committee's attention to the preparatory work required as part of renewing the Council's insurances, which had revealed a deficiency in property data capture which was linked to the corporate customer risk linked to data. The Council's continuing actions in relation to cyber security were also noted.

During consideration of this item a member reiterated concern about the potential impact of the requirements of the Environment Bill. It was anticipated that following the General Election the timetable and

requirements of the Bill would be clarified and officers would report back when this information was received.

A member asked for an update about application of the Levelling Up and UKSPF Projects funding. The Assistant Director Finance and Customer Services reported that the Market Street project was currently forecast to be over budget, but it was proposed to mitigate this either through borrowing or through the Council's funding held within the now defunct Greater Birmingham and Solihull Local Enterprise Partnership. A report on the capital projects using Levelling Up funding would be considered at the Cabinet meeting on 17th July, which included seeking an extension to the pre-construction service agreement whilst costs and actions were confirmed. In the meantime, the risks associated with potential costs and project delivery were being closely managed.

It was noted that Overview and Scrutiny Board had pre-scrutinised the Cabinet report in detail at its meeting on 11th July and the outcome of this would be reported to the Cabinet meeting. Members suggested however that more detail could be provided in the report to the Audit, Governance and Standards Committee without duplicating the work of Overview and Scrutiny since the Committee had a role to review risk management arrangements.

Members wished to continue to monitor this risk as proactively as possible. It was agreed to prepare a timetable of when the item was due to be discussed at Overview and Scrutiny Board and the Audit, Standards and Governance Committee, for circulation to Committee Members and Group Leaders. In the meantime, the Chairman and Vice-Chairman of the Committee would meet with the Deputy Chief Executive and Section 151 Officer to discuss how the Audit, Standards and Governance Committee and Overview and Scrutiny functions could carry out their respective roles effectively in relation to this item.

The Committee also agreed that the next quarterly risk report to the Committee should include more detailed information about this specific high-profile risk.

The Assistant Director Finance and Customer Services reported that following a recent attempted cyber-attack members had been circulated with advice about accessing Council services and drew it to their attention.

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

22/24

FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON STATEMENTS OF ACCOUNTS

The Committee considered a report setting out progress against key financial requirements. The Assistant Director Finance and Customer Services updated the Committee on the following items which had progressed since the report was circulated:

- The Council Tax & NDR Collection - Q4 had been completed.
- The Revenue Outturn suite – provisional - these were due to be submitted in the next couple of days.
- All other items listed in the report as 'expected to be delivered to deadline' had been achieved.

The draft 2020/21 accounts were presented to Audit Committee for comment in May and were now open for Public Inspection. The 2021/22 to 2023/4 accounts were being worked on in sequence. The Council's external auditors had indicated that the final piece of work on the take-on data had been completed and formal confirmation of this was awaited. Further to suggestions at the previous meeting of the Committee, Officers had amended the format of the accounts for 2021-22 and onward financial years so that they were easier to read and understand.

The Assistant Director Finance and Customer Services updated the Committee on recent recruitment to the Finance Team and resources being used in the team working on the accounts. Additional resource included the secondment of employees from other areas in the Finance Team.

The Cabinet Member for Finance reported that it was hoped to provide the data relating to this report in a dashboard in future. Members of the Committee supported this and commended the officers involved on the progress being made with the accounts and other financial documents.

Further to a query from a member about the timetable for production of the 2021/22 accounts, the Assistant Director Finance and Customer Services reported that due to the work involved, the Draft accounts were unlikely to be produced in July, but it was planned for them to be completed in August. The work on 2022/23 accounts was then due to be undertaken in September.

RESOLVED that the Financial Compliance report be noted.

23/24

ANNUAL APPOINTMENT OF RISK CHAMPION (INCLUDING REPORT ABOUT THE ROLE)

The Committee considered a report which set out the role of a Member Risk Champion and asked for a nomination to the role. There had been a Member Risk Champion at the Council for a number of years and at its last meeting the Committee had asked for more detail before considering who to nominate to it.

During consideration of the proposed role description, it was agreed that this should include an indication that the Committee would seek nominees from its own membership first and if not successful, then the role could be offered to other non-Cabinet members of the Council. Officers would update the role description in the light of the proposed

addition and the appointment of a Member Risk Champion would be considered again at the next meeting of the Committee.

RESOLVED

- 1) That the updated terms of reference for the position of Member Risk Champion be approved as amended at the meeting; and
- 2) There being no nominees to the role at the meeting, other non-Cabinet members of the Council are invited to express an interest in it prior to the next meeting of the Committee.

24/24

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Committee considered the proposed work programme as circulated with the agenda. It was agreed to add an item about the Internal Audit external quality assessment report and action plan to the agenda for the meeting in September 2024.

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

The meeting closed at 7.37 p.m.

Chairman