



Audit, Governance & Standards Committee

Thu 28 Jul
2022
7.00 pm

Council Chamber
Redditch Town Hall



www.redditchbc.gov.uk

**If you have any queries on this Agenda please contact
Pauline Ross**

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GUIDANCE ON FACE-TO-FACE MEETINGS

At the current time, seating at the meeting will be placed in such a way as to achieve as much space as possible for social distancing to help protect meeting participants.

If you have any questions regarding the agenda or attached papers, please do not hesitate to contact the officer named above.

GUIDANCE FOR ELECTED MEMBERS ATTENDING MEETINGS IN PERSON

Members and Officers who still have access to lateral flow tests (LFTs) are encouraged to take a test on the day of the meeting. Meeting attendees who do not have access to LFTs are encouraged not to attend a Committee if they have any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

The meeting venue will be fully ventilated, and Members and officers may need to consider wearing appropriate clothing in order to remain comfortable during proceedings.

PUBLIC SPEAKING

The usual process for public speaking at Committee meetings will continue to be followed subject to some adjustments which allow written statements to be read out on behalf of residents and the virtual participation of residents at meetings of the Audit, Governance & Standards Committee. Members of the public are encouraged to log in virtually, either to speak or observe meetings wherever possible.

Members of the public will be able to access the meeting if they wish to do so. Seating will be placed in such a way as to achieve as much space as possible for social distancing to help protect meeting participants. It should be noted that members of the public who choose to attend in person do so at their own risk.

Members of the public who still have access to lateral flow tests (LFTs) are encouraged to take a test on the day of the meeting. Meeting attendees who do not have access to LFTs are encouraged not to attend a Committee if they have any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

Notes:

Although this is a public meeting, there are circumstances when the Committee might have to move into closed session to consider exempt or confidential information. For agenda items that are exempt, the public are excluded.



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Agenda

Membership:

Cllrs:

Juma Begum
(Chair)
Andrew Fry (Vice-
Chair)
Salman Akbar
Imran Altaf
Tom Baker-Price

Michael Chalk
Luke Court
Aled Evans
Timothy Pearman

1. Apologies and named Substitutes

2. Declarations of Interest

To invite Councillors to declare any Disclosable Pecuniary Interests and/or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.

3. Minutes (Pages 1 - 14)

4. Public Speaking

Members of the public have an opportunity to speak at meetings of the Audit, Governance and Standards Committee. In order to do so members of the public must register by 12 noon on the day of the meeting. A maximum of 15 minutes will be allocated to public speaking.

5. Monitoring Officer's Report - Standards Regime (Pages 15 - 18)

6. General Dispensation Report (Pages 19 - 26)

7. Annual Update Report on RIPA (Pages 27 - 38)

8. Feckenham Parish Council Representative's Report - Standards Regime

To receive a report from the Feckenham Parish Council Representative on any matters of relevance to the Committee.

(Oral report)

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- 9.** Grant Thornton - Housing Benefit 2020/2021 Certification Letter (Pages 39 - 44)
- 10.** Internal Audit Annual Report and Audit Opinion 2021 - 22 (Pages 45 - 78)
- 11.** Internal Audit - Audit Plan 2022-2023 (Pages 79 - 92)
- 12.** Corporate Governance Monitoring and Risk (Pages 93 - 108)
- 13.** Annual Appointment of the Risk Champion
- 14.** Committee Work Programme (Pages 109 - 110)



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MINUTES

Present:

Councillor Juliet Brunner (Vice-Chair) and Councillors Salman Akbar (present for items 1-6), Tom Baker-Price, Luke Court, Julian Grubb, Emma Marshall and Timothy Pearman

Also Present:

Jackson Murray – Engagement Lead for Grant Thornton

Officers:

Andy Bromage (on Microsoft Teams), Peter Carpenter, Clare Flanagan and James Howse

Democratic Services Officers:

Jo Gresham

38. APOLOGIES AND NAMED SUBSTITUTES

No apologies for absence were received.

39. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

40. MINUTES

The minutes from the previous meeting of the Audit, Governance and Standards Committee held on 27th January 2022 were submitted for Members' consideration.

RESOLVED that

Chair

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The minutes from the meeting held on 27th January 2022 were a true and accurate record.

41. PUBLIC SPEAKING

There were no registered public speakers on this occasion.

42. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Principal Solicitor presented the Monitoring Officer's report for the Committee's consideration and confirmed that there had been no Member complaints received since the last meeting of the Committee. In addition to this Members' attention was drawn to the updates regarding the Member Support Steering Group and the Constitutional Review Working Party contained within the report in respect of meeting dates and items that had been considered at those meetings.

RESOLVED that

The Monitoring Officer's report be noted.

43. NEW MODEL CODE OF CONDUCT

The Principal Solicitor presented the New Model Code of Conduct report and explained the history of the adoption of a new model code and reminded the Members that they had been informed that this item would be considered at the last meeting of the Committee. In addition to this, the following was also highlighted for Members' consideration:

- Members had previously expressed a preference for the Code of Conduct that applied across all tiers of local government across the County and had agreed that all Monitoring Officers across the county consider feedback from this and other Committees across the County in order to bring back a pan-Worcestershire code for consideration and adoption.

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Following the presentation of the report Members indicated that they wished to make an amendment to the recommendation contained within the officer's report.

The proposed amendments were as follows:

Amendment 1

That the text underlined below be removed from the New Model Code of Conduct:

*"Respect means politeness and courtesy in behaviour, speech and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor **engaging in a political debate** with other councillors you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not however, subject individuals, groups of people or organisations to personal attack."*

Therefore, the paragraph would read:

"Respect means politeness and courtesy in behaviour, speech and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not however, subject individuals, groups of people or organisations to personal attack."

Amendment 2

That the text underlined below be removed from the New Model Code of Conduct:

"The robust manner in which councillors engage with each other during political debate is not appropriate when engaging with local authority employees, employees and representatives of partner organisations and those volunteering for the local authority. As strategic leaders and employers, it is expected

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that councillors will set a positive example to staff by treating them with politeness and courtesy at all times.”

And be replaced with the following statement, as detailed in the protocol on Member and Officer relations within the Council's Constitution:

“Councillors have the right to criticise reports, or the actions taken by officers but they should always be constructive, relate to the subject matter of the report and should not be personal”

There was detailed discussion regarding the amendments which included consideration of the following in respect of the first proposed amendment:

- Members should be permitted to engage in robust debate with members of the public and as elected Members had a right to reply when challenged in public. It was felt by some Members that the wording suggested within the proposed New Model Code of Conduct stifled this right. Members were clear that this kind of debate should always be carried out in a respectful way. The Principal Solicitor explained that this paragraph had not been included to isolate Councillors to have robust debate with other Councillors only but more to highlight the need for respect between Councillors as many complaints received by the Monitoring Officers were between Members. In respect of robust debate with the public it was explained that the Code of Conduct was in place as elected Members were expected to behave with high standards and this paragraph contained within the new Model Code of Conduct had been included in order to highlight to Members that some behaviours on social media platforms could be considered less than acceptable.
- There could often be a power imbalance between officers and Members, particularly less senior members of staff, and it was explained that the inclusion of the paragraph regarding robust debate with local authority employees or employees and representatives of partner organisations and those volunteering for the local authority was designed to ensure

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that despite the potential imbalance courtesy was shown at all times when engaging in debate with officers. Some Members felt strongly that officers could be criticised, when necessary, in a respectful manner and when appropriate. There was a suggestion that the word 'criticise' be amended to read 'challenge' which could however this was dismissed by Members as they felt that although there was a subtle difference Members should have the right to criticise officers when necessary.

Following the detailed discussion there was a suggestion, in respect of amendment 2, that a combination of the paragraph included in the new Model Code of Conduct and the existing protocol be considered. This would in amendment 2 being proposed as follows:

“As strategic leaders and employers, it is expected that councillors will set a positive example to staff by treating them with politeness and courtesy at all times. Councillors have the right to criticise reports, or the actions taken by officers, but they should always be constructive, relate to the subject matter of the report and should not be personal.”

Members agreed that this would be acceptable. On being put to the vote the following amendments were agreed for inclusion in the Worcestershire-wide new Model Code of Conduct:

“Respect means politeness and courtesy in behaviour, speech and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not however, subject individuals, groups of people or organisations to personal attack.”

“As strategic leaders and employers, it is expected that councillors will set a positive example to staff by treating them with politeness and courtesy at all times. Councillors have the right to criticise reports, or the actions taken by officers, but they should always be

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constructive, relate to the subject matter of the report and should not be personal.”

RECOMMEND that

Subject to the preamble above the Worcestershire-wide draft Code of Conduct and its appendices, be adopted by the Council

44. GRANT THORNTON - EXTERNAL AUDIT SECTOR UPDATE

The Chair welcomed the Engagement Lead for Grant Thornton to the meeting to present the Grant Thornton - External Audit Sector Update report. It was explained to the Committee that this report outlined any emerging national issues within the sector which included the deferral of the implementation of IFRS 16 for a further year to 2024/25.

RESOLVED that

the Grant Thornton - External Audit Sector Update be noted.

45. GRANT THORNTON - EXTERNAL AUDIT PLAN 2020/21

The Engagement Lead – Grant Thornton presented the External Audit Plan 2020/21 and in doing so Members’ attention was drawn to the following:

- Group Audit - The significant risks that had been identified as requiring special audit consideration included; valuation of land and buildings, staffing within the finance department and the new financial ledger implementation.
- Value for Money Arrangements – Medium term financial plan, risk management, performance management reporting, and how the Council measured benefits realisation for commissioned or procured services, had been identified as risks and weaknesses. It was explained to the Committee that mitigations had been put in place to address all of the above risks and weaknesses in terms of value for money arrangements.

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Following the presentation, the Executive Director of Resources reported that this was considered to be a sound audit plan. It was acknowledged that there had been challenges experienced in the Finance team particularly around recruiting to vacant positions. However, there was another round of recruitment planned in order to provide permanent resource to the team. Members were informed that there had been some difficulty in producing quality working papers which had impacted the time it had taken in processing, and that this had resulted in an increase in audit fees. Members were notified that there had been an increase in the amount of scope undertaken by auditors as a result of the changes to the National Audit Office (NAO) code which would also inevitably result in an increase in future audit fees. In respect of the closing down of the accounts it was confirmed that for year ending 2020/21 the close down would be in July 2022 and shortly after for the year 2021/22. Although this had resulted in a delay to the timetable it was clarified to Members that this was not unusual and that many local authorities were experiencing similar delays.

Members were particularly interested in the recruitment difficulties experienced within the Finance team and it was explained that increases of pay within the private sector had meant that it was more difficult for public sector organisations to compete. In addition to this, it was highlighted that the Covid-19 pandemic had impacted on the way people worked, resulting in a more hybrid model of working which had enabled people to take on jobs in larger cities, with increased pay, without having to travel to the office every day. It was confirmed to Members that the challenges experienced in recruitment had certainly impacted on the financial monitoring over the previous year and had caused a backlog in this area. However, it was expected that this would be rectified very shortly once the issues experienced with the cash receipting system had been remedied and regular reporting would begin again. Some Members queried the use of temporary staff to fill the vacancies and the impact this had made on the budget. It was reported that there had been greater use of temporary staff during this period, and

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this would decrease once permanent members of staff were recruited. The Committee were further informed that despite the increased use of temporary staff the amount paid for their services did not meet the amount saved in permanent vacancies due to vacant positions.

Further discussion followed regarding the risk surrounding fully depreciated assets, including vehicles, plant and equipment as reported in the Audit Plan. The Interim Head of Finance and Customer Services (Deputy s151) explained the process regarding the disposal of assets from an audit perspective and confirmed that management would be undertaking a review of these assets as part of the closedown next year.

RESOLVED that

the Audit Opinion Plan 2019/20 be noted and agreed.

46. GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT

The Engagement Lead for Grant Thornton explained to the Committee that this report included responses from 'those charged with governance' of the Council with regard to the following:

- General Enquiries of Management
- Fraud
- Laws and Regulations
- Related Parties
- Accounting Estimates

It was reported that a series of questions were posed, and that the management responses received were as noted in the report.

RESOLVED that

the Grant Thornton - Informing The Audit Risk Assessment Committee report and management responses be noted and

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agreed that the responses were consistent with their understanding on the control regime at the Council.

47. INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit Shared Service presented the Internal Audit Progress report and informed Members that this was a regular report that was considered by the Committee. It was clarified that there had been an error identified in one of the reports and that an updated report had been published prior to the meeting in a supplementary agenda pack. The Head of Internal Audit Shared Service thanked the Senior Democratic Services Officer present for her help in getting the supplementary agenda papers published and provided to Members in readiness for the meeting.

As part of the progress report, it was highlighted that good progress was being made on the 2021/22 audit plan. It was noted that three reports had been finalised since the last meeting of the Committee, as followed: Benefits, Risk Management and Treasury Management. Although it was stated that the Risk Management report had been given an opinion of 'no assurance,' 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. It was reported that at the time of the review this had not been produced. However, confirmation was given that work had begun on the Risk Management Plan and actions had already started to be completed. In respect of the Benefits report it was highlighted that there had been some issues with the Dashboard Performance Measures, however Members were informed that Civica, the system provider, were looking into a fix for the issues. However, a date for the fix was still unknown.

There was a brief discussion regarding the Dashboard Performance Measures and it was noted that Members did not have access. The Committee was informed that there was a new Dashboard underway and further information would be presented to the Committee when available.

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RESOLVED that

the Internal Audit Progress Report be noted.

**48. CAPITAL STRATEGY 2022/23 INCORPORATING THE
TREASURY MANAGEMENT STRATEGY**

The Executive Director of Resources introduced the Capital Strategy 2022/23 incorporating the Treasury Management Strategy and stated that this was a highly technical report for Members to consider and included borrowing requirements and investments and risks involved.

The Interim Head of Finance and Customer Services (Deputy S151) provided Members with the following broad headlines from the report for Members' information:

- It was a statutory requirement to set the Treasury Management Strategy each financial year and have at least a half yearly update and outturn report. The Council would report progress on a quarterly basis as part of the Quarterly Monitoring Report.
- The Prudential Indicators in Table 6 of Appendix A provided information on the projected levels of the Council's gross debt compared with the Capital Financing Requirement (CFR).
- The Treasury Management Strategy at Appendix B which highlighted how the Authority would invest in the future.
- All future investments would be assessed rigorously through corporate governance led by the Council's Executive Director of Resources in consultation with the Corporate Management Team. Ensuring that a robust framework was in place, as outlined within the report, which would result in mitigating any risks to potential future investments.

RECOMMEND that

- (i) the Capital Strategy as an appropriate overarching strategy for the Council be approved;**

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- (ii) **the Treasury Management Strategy for 2022/23 and the associated MRP policy be approved;**
- (iii) **the policy for Flexible use of Capital Receipts be approved;**
- (iv) **the Investment Strategy be approved.**

49. RISK MANAGEMENT REPORT

The Interim Head of Finance and Customer Services (Deputy S151) presented the Risk Management report for Members' consideration. In doing so the following was highlighted:

- A plan had been agreed by the Corporate Management Team and implementation had already commenced.
- A Risk Officer group had been established and a meeting had taken place in April 2022.
- Some momentum in respect of risk had been lost over the previous year. However, with the agreed actions in place it was hoped that managing risk would become embedded within the organisation and a more joined up approach taken in the future.

RESOLVED that

the Risk Management Report be noted, and the way forward endorsed.

50. REVIEW OF THE INDEPENDENT MEMBER

Members were presented with a report regarding the Review of the Independent Member, which had been requested at a previous meeting of the Committee. During consideration of this item Members were presented with three options in respect of the future of the Independent Member and during a detailed discussion the following areas were considered:

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- The position of Independent Member on the Audit, Governance and Standards Committee was good practice and that the right Independent Member could add value to the Committee
- Members did not want to allocate any financial resources to a recruitment campaign and had stated that use of the Council's social media channels would be an appropriate way forward when looking to recruit the Independent Member in the future. This would result in no financial implications as such, however, it would impact on Officer time and resources.
- Previous rounds of recruitment had not resulted in securing an Independent Member to sit on the Committee. Some Members agreed that this had tested the market adequately and was a clear indicator that there was no appetite for an individual to undertake the role, particularly as there was no remuneration for the role.

RESOLVED that

- (i) **the position of Independent Member of the Audit, Governance and Standards Committee be advertised as an unpaid, non-voting voluntary position; and**
- (ii) **social media channels be used for the recruitment process rather than a formal recruitment process in order to avoid financial costs.**

51. RISK CHAMPION VERBAL UPDATE - COUNCILLOR BAKER-PRICE

Councillor Baker-Price, in his role of Risk Champion, informed Members that he would be meeting with the Executive Director for Resources later in the month in order to look at how risk was managed across the Council and would provide Members with an update at the next meeting.

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RESOLVED that

the Risk Champion - Verbal Update Report from Councillor Baker-Price be noted.

52. COMMITTEE WORK PROGRAMME

The Committee's Work Programme was presented for Members' consideration.

RESOLVED that

the contents of the Committee's Work Programme be noted.

The Meeting commenced at 7.00 pm
and closed at 9.21 pm

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**Audit, Governance &
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28th July**MONITORING OFFICER'S REPORT**

Relevant Portfolio Holder	Councillor Karen Ashley – Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Yes
Report Author Claire Felton	Job Title: Head of Legal, Democratic and Property Services Contact email: c.felton@bromsgroveandredditch.gov.uk
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An Effective and Sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance and Standards Committee is asked to RESOLVE that:-

1) subject to Members' comments, the report be noted

2. BACKGROUND

- 2.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Governance and Standards Committee since the last update provided at the meeting of the Committee in April 2022.
- 2.2 It has been proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by Parish Councils, will be reported on orally by Officers at the meeting.

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3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising out of this report.

4. LEGAL IMPLICATIONS

- 4.1 Chapter 7 of Part 1 of the Localism Act 2011 ('the Act') places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made.

5. STRATEGIC PURPOSES - IMPLICATIONS**Relevant Strategic Purpose**

- 5.1 It is important to ensure that the Council manages standards regime matters in an appropriate manner. The issues detailed in this report help to ensure that there is an effective and sustainable Council.

Climate Change Implications

- 5.2 There are no specific climate change implications

6. OTHER IMPLICATIONS**Equalities and Diversity Implications**

- 6.1 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 are available on the Council's website and from the Monitoring Officer on request.

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Operational Implications6.2 **Member Complaints**

Since the last meeting of the Committee, there have been no new Member complaints received and there are none ongoing.

The New Normal

6.3 Since 7th May 2021, elected Members have needed to attend formal Committee meetings in person. These rules do not apply to informal meetings, such as Scrutiny Task Groups or Member training and consequently a lot of informal and private meetings continue to take place remotely.

6.4 Since the previous meeting of the Committee, new Councillors elected in May 2022 have been provided with a comprehensive induction. This has included delivery of training on the following subjects:

- Data Protection
- Dementia Friends
- Local Government Finances
- The Member Code of Conduct
- Overview and Scrutiny
- The role of Portfolio Holders and the Executive Committee
- The role of the Licensing Committee and Licensing Sub-Committees, including Members' roles on these Committees
- The role of the Planning Committee, including Members' roles on this Committee
- Safeguarding
- The Statement of Accounts

6.5 Training in respect of Member safety and carbon literacy training are due to be provided in August and September 2022 respectively.

6.6 The Member Support Steering Group is due to meet on 16th August 2022. During this meeting, Members will consider the arrangements for

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Member induction that were put in place for councillors elected in May 2022.

- 6.7 The Constitutional Review Working Party continues to meet regularly. Any recommendations arising from meetings of this group are reported to Council for Members' consideration.

7. RISK MANAGEMENT

- 7.1 The main risks associated with the details included in this report are:
- Risk of challenge to Council decisions; and
 - Risk of complaints about elected Members.

8. APPENDICES and BACKGROUND PAPERS

No appendices.

Chapter 7 of the Localism Act 2011.

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Karen Ashley – Portfolio Holder for Finance and Enabling	
Lead Director / Head of Service	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	
Financial Services	N/A	
Legal Services	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	

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LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

Relevant Portfolio Holder	Councillor Karen Ashley, Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services
Report Author Jess Bayley-Hill	Job Title: Jess Bayley-Hill, Senior Democratic Services Officer (Redditch) Contact email: jess.bayley-hill@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252 Ext: 3268
Wards Affected	All Wards
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An effective and sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Committee is asked to **RESOLVE** that

- 1) any new Individual Member Dispensations (IMDs) 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 previously granted general dispensation in relation to allowing Members to address Council and Committees in circumstances where a member of the public may elect to speak be re-granted under section 33 (2) of the Localism Act 2011, to allow Members to participate in and vote at Council and Committee meetings when considering these matters;
- 3) subject to the caveat set out in paragraph 4.9 of this report in relation to setting the Council's Budget, the Audit, Governance and Standards Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in

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and vote at Council and Committee meetings when considering the setting of:

- a) the Budget;
 - b) Council Tax;
 - c) Members' Allowances; and
 - d) Council Rents;
 - e) Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the Borough;
- 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 any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2023.

2. BACKGROUND

The purpose of this report is to provide members with an opportunity to consider and agree a number of general dispensations for all Councillors as well as specific dispensations for individual Councillors where requested.

3. FINANCIAL IMPLICATIONS

- 3.1 None.

4. LEGAL IMPLICATIONS

- 4.1 Section 33 of the Localism Act 2011 provides that Dispensations can be granted in respect of Disclosable Pecuniary Interests (“DPIs”).
- 4.2 Section 33 (1) requires that a Member must make a written request for a dispensation.

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- 4.3 Section 33 (3) provides that a dispensation must specify the period for which it has effect, and that period may not exceed 4 years.

Service / Operational Implications

- 4.4 Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.
- 4.5 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted "only if, after having regard to all relevant circumstances" the Committee considers that one of those situations applies.
- 4.6 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –
- “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
 - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
 - (c) considers that granting the dispensation is in the interests of persons living in the authority’s area,
 - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without the dispensation each member of the authority’s Executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority’s executive, or

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(e) considers that it is otherwise appropriate to grant a dispensation.”

4.7 The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee. This function subsequently transferred to the newly established Audit, Governance and Standards Committee. All dispensations granted are valid until the first meeting of the Audit, Governance and Standards Committee following the next applicable Borough Council elections.

4.8 Dispensations, all of which require the advance approval of the Committee and a subsequent written request from the Member to the Monitoring Officer, currently fall within four categories:

- General Dispensations
- Council Tax Arrears
- Individual Member Dispensations
- Outside Body Appointment Dispensations

4.9 It should be noted that under Section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members are affected by the provisions of section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail.

4.10 The following individual member dispensations have been requested for approval, to remain valid until the first meeting of the Audit, Standards and Governance Committee after the District Council Elections in 2023.

Councillor(s)	Relevant DPI	Reason for dispensation
Councillor Matthew Dormer	Member of the Redditch Town Deal Board	To enable the Councillor to participate in discussions and decisions concerning

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		town centre regeneration and economic development, including in respect of the Redditch Town Deal Board.
Councillor Matthew Dormer	Member of the Redditch Business Improvement District (BID)	To enable the Councillor to participate in discussions and decisions concerning town centre regeneration and economic development, including in respect of the Redditch Town Deal Board

- 4.11 It should be noted that any dispensations approved by the Committee only take effect on receipt of a written request from Members for a specific dispensation to be granted. As such, Members must ensure that they submit a written request for dispensation to the Monitoring Officer whenever they are aware that any relevant business is due to be discussed/debated at meetings, in order for the required dispensation to then be applied.
- 4.12 The new Local Government Association (LGA) Model Code of Conduct was considered at the Audit, Governance and Standards Committee meeting held on 14th April 2022. It was recommended by the Committee that the Council adopt the new Model Code with two amendments to the Code. This version of the Code was subsequently presented at the Council meeting held on 23rd May 2022 with Members agreeing to adopt the LGA Model Code of Conduct. As a result of this adoption Members are now required to complete an 'Other Registerable Interests' (ORI) form to declare any ORIs.

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5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 The issues detailed in this report help to ensure that there is an effective and sustainable Council.

Climate Change Implications

- 5.2 None.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1 None.

Operational Implications

- 6.2 None.

7. RISK MANAGEMENT

- 7.1 The granting of general dispensations by the Committee will, subject to receipt of a written request from Members for such a dispensation, clarify, for the avoidance of any doubt, Members' ability to participate in and vote at Council and committee meetings on certain matters as part of the Council's decision-making process.

8. APPENDICES and BACKGROUND PAPERS

- Section 33 of the Localism Act 2011.
- Section 106 of the Local Government Finance Act 1992.
- Various reports to the former Standards Committee and Audit, Governance and Standards Committee.

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Karen Ashley, Portfolio Holder for Finance and Enabling	
Lead Director / Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services	
Financial Services	N/A	
Legal Services	Clare Flanagan, Principal Solicitor	

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Audit, Governance and Standards Committee 2022

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Report title: Annual Update Report on RIPA

Relevant Portfolio Holder	Councillor
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Report Author	Job Title: Clare Flanagan Contact email:clare.flanagan@bromsgroveandredditch.gov.uk Contact Tel: 01527 534112
Wards Affected	All
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	n/a
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Committee is asked to RESOLVE that:-

2.1 the Council's RIPA Policy as updated and reviewed, be endorsed; and

2.2 the update on RIPA activity, described in this report, be noted.

NOTE Members are requested to read and review the Council's policy electronically, as it is a long document. It has been emailed to members of the Committee.

2. BACKGROUND

2.1 The Regulation of Investigatory Powers Act 2000 ["RIPA"] gave local authorities powers to conduct covert surveillance under certain circumstances. The Act also regulates the use 'Covert Human Intelligence Sources' ["CHIS"] and obtaining certain Communications Data.

2.2 The revised Code of Practice for Covert Surveillance and Property Interference, 2018, at paragraph 4.47, 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 is published in compliance with that requirement.

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- 2.3 Local Authority powers are at the lower end of the scale and changes in legislation since the Act was originally introduced, have resulted in further restrictions on their use:
- the use of surveillance restricted to criminal investigations;
 - the Protection of Freedoms Act 2012 required local authorities to get approval from the Magistrates Court for any proposed surveillance; and
 - the threshold for the level of crime being investigated was raised to include only 'serious crime' (as defined).
- 2.4 The regime is overseen by the Investigatory Powers Commissioner's Office, and includes inspections of organisations by an Inspector appointed by the Commissioner, usually about every three years.
- 2.5 Any organisation which has investigatory powers under RIPA is required to have in place a Policy governing all aspects of the regime, including the need for updating and officer training, regardless of whether the powers are exercised. The Council's Policy is regularly updated to comply with any changes in the legislation, guidance and codes of practice which apply to the regime. Changes are notified to the Council by an external RIPA expert, who also provides training and advice on RIPA issues.
- 2.6 From the outset, the Council's use of RIPA powers was always low. There were a number of reasons for this: A rigid process has to be followed to establish that a proposed surveillance activity is both "necessary" and "proportionate"; a senior officer has to evaluate the proposal against a number of criteria, and would then have to be referred to the Magistrates Court to be confirmed. If approved, there would have been major resource implications for any authorised surveillance to have been undertaken.
- 2.7 Since the changes introduced in 2012 as described in 2.3 above, the Council has not exercised its powers under RIPA. The Surveillance Commissioner has noted that in recent years authorities like ours have granted far fewer RIPA authorisations and some have granted none at all.
- 2.8 At the time of the Council's last physical inspection, in 2015, RIPA powers had not been exercised by the Council since 2012. In 2018, a further three years on, during which no RIPA activity had been undertaken, an Inspector on behalf of the Surveillance Commissioner

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conducted a remote, light-touch review.

Update: Inspection in January 2022

2.9 A further Inspection was undertaken in January 2022. This was a video and desk-top based inspection. The Commissioner's Report is attached at **Appendix 1**

2.10 The Commissioner's Report stated that :

- the information provided demonstrated a level of compliance which removed for the present the requirement for a physical inspection”;
- The oversight provided by your SRO is of a high standard and is undertaken through bi-annual meetings with representatives from Legal, Enforcement, and Information Management Services; and
- that the Council was “in a good place” with the SRO fully aware of his responsibilities.

Recommendations in the Commissioner's report:

1. The Council's RIPA Policy was described by the Inspector as “already well-formed”, but he recommended a couple of additions to the policy to assist readers' understanding of two issues, one relating to the use of social media in covert investigations and the second relating to how volunteers could become a Covert Human Intelligence Source (CHIS).

The recommendation was for the inclusion of extracts from the Home Office Codes of Practice on these matters, and these have now been added to the Policy.

2. Since the report to members in July 2021, the most substantial amendment to the policy has been the addition of a new section specifically dedicated to Data Safeguards. This was done in November 2021 and was introduced to comply with requirements of the Surveillance Commissioner set out in a letter sent to all Local Authorities in April 2020.

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This section was reviewed as part of the inspection in January 2022

The Inspector advised that to address fully the minimum standards expected, the policy should identify the timeframes within which covert material gathered should be subject to review and then, if no longer required to be retained, destroyed.

This has been added to the Policy.

Other Changes to the Policy since reporting to members in 2021

- The SRO at the time of the inspection has now left the Council and this role has now been assigned to the Head of Legal, Democratic & Property Services, who has fulfilled this role previously and is also fully aware of the oversight responsibilities of the role.
- The policy and codes of practice refer to quarterly monitoring of RIPA activity. However, as noted in the Inspector's report, this occurs twice a year, rather than quarterly, and the Inspector was satisfied with this.

Training

Relevant officers had a day's refresher training on these aspects of RIPA, in January 2022. This took place just prior to the inspection but had been commissioned months earlier and before the notification of the inspection had been sent to the Council.

- 2.9 It is not possible for the Council to 'opt out' of the RIPA regime, and we are required by the Commissioner to keep our officers briefed on it, aware of its potential use and in the completion of applications and their approval.
- 2.10 The Council is a member of the National Anti-Fraud Network [NAFN], which is hosted by Thameside MBC and which provides data and intelligence services under the RIPA regime to public sector organisations in relation to fraud investigations. Over 90% of local authorities are members of NAFN. Membership enables the Council to avail of its expertise, without having to have our own staff for the purpose.

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3. FINANCIAL IMPLICATIONS

3.1 None as a direct result of this report.

4. LEGAL IMPLICATIONS

4.1 The Council has demonstrated compliance with its statutory obligations under RIPA to the satisfaction of the Surveillance Commissioner following inspection in January 2022 and continues to update its policy and provide training for officers.

4.2 This report to members complies with the Code of Practice requirement that members should be updated annually on RIPA activity and endorse the Policy, including any changes to it, for the coming year.

5. STRATEGIC PURPOSES - IMPLICATIONS**Relevant Strategic Purpose**

5.1 'An Effective and Sustainable Council'

Climate Change Implications

5.2 None

6. OTHER IMPLICATIONS**Equalities and Diversity Implications**

6.1 There are no direct implications arising out of this report.

Operational Implications

6.2 Only as outlined in the report

7. RISK MANAGEMENT

7.1 The Council is required to comply with the statutory provisions and guidance governing the RIPA regime and any recommendation made by the Inspector on behalf of the Commissioner.

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Officers need to be aware of the RIPA powers so that there is no risk of surveillance or CHIS activity being undertaken without the correct approvals being in place.

8. APPENDICES

Appendix 1 – Report of the Investigatory Powers Commissioner dated 12 January 2022

BACKGROUND PAPERS

The Council's RIPA Policy

**Audit, Governance and
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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr N Nazir	14 July 2022
Lead Director / Head of Service	Claire Felton	14 July 2022
Financial Services	Peter Carpenter	14 July 2022
Legal Services	Clare Flanagan	author
Policy Team (if equalities implications apply)	n/a	
Climate Change Officer (if climate change implications apply)	n/a	

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Investigatory Powers
Commissioner's Office

PO Box 29105, London
SW1V 1ZU

Mr. Kevin Dicks
Chief Executive
Bromsgrove District Council & Redditch Borough Council
Parkside
Market Street
Bromsgrove
B61 8DA

k.dicks@bromsgroveandredditch.gov.uk

12 January 2022

Dear Mr. Dicks,

Inspection of Bromsgrove and Redditch Councils

Please be aware that IPCO is not a “public authority” for the purpose of the Freedom of Information Act (FOIA) and therefore falls outside the reach of the FOIA. It is appreciated that local authorities are subject to the FOIA and that they may receive requests for disclosure of our reports. In the first instance the SRO should bring the matter to the attention of the IPCO Data Protection Officer (at: info@ipco.org.uk), before making any disclosure. This is also the case if you wish to make the content of this letter publicly available.

Your Councils were recently the subject of a video and desktop-based inspection by one of my Inspectors, and I trust you will find it acceptable to receive a single report accordingly. The inspection has been facilitated through your Senior Responsible Officer (SRO) [the] Director of Finance and Resources, who assumed the role as SRO in March 2021. My Inspector is also grateful to [the] Principal Solicitor, for providing the supporting information required. [The SRO] confirmed that there has been no use of the available covert powers since the last inspection, with the priority over the last 18 months being the response to the current pandemic.

The information provided has demonstrated a level of compliance which removes, for the present, the requirement for a physical inspection.

The last inspection was also undertaken [by the same Inspector], in February 2019. On this occasion two recommendations were made, as follows:

1. *Whilst RIPA awareness training has been undertaken and is refreshed with staff on an annual basis, there is a clear need to have training delivered forthwith to those staff within the Trading Standards services, and in order that those who are most likely to engage RIPA powers remain “match fit”.*

Discharged - Those officers within Trading Standards have been involved in the pandemic response and therefore any covert activity has sought to utilise the National Anti-Fraud Network (NAFN) for investigations using communications data. Training of some officers took place in March 2021, with further training inputs scheduled to take place before the end of January 2022. These training inputs will be aimed at all authorising officers, several officers from legal services, and your in-house solicitors.

2. *Whilst it is understood that no RIPA activity has been undertaken since the last inspection, it is unsatisfactory that elected officials are to be updated on RIPA matters “if and when RIPA activity is undertaken”. I would draw your attention to the revised Code of Practice for Covert Surveillance and Property Interference 2018 (paragraph 4.47), which advises that Elected Members should, at least on an annual basis, review the RIPA policy and the authority’s use of the Act. This applies whether or not RIPA powers are engaged.*

Discharged - Although no covert activity has been authorised, annual reports to Council Members have been provided.

I am pleased to note that these recommendations have been fully discharged.

Your RIPA policy is endorsed annually as part of the Report to the Audit Governance & Standards Committee, with members informed of any changes made since the previous review. The Policy was last reviewed in November 2021. The most recent addition to the policy has seen a section specifically dedicated to Data Safeguards and introduced to address the requirements as set out in my letter to all Local Authorities, dated April 2020. It is pleasing and reassuring to note that action has been taken in this regard. Sound advice is contained within this section of your policy to advise on the storage of covertly obtained material and the need to reduce the copying of it, but my Inspector has advised that to address fully the minimum standards expected, the policy should identify the timeframes within which covert material gathered should be subject to review and then, if no longer required to be retained, destroyed.

Whilst my Inspector is satisfied that data safeguard matters have now been included within your policy, this area of compliance will continue to be focused upon in future inspections. Highlighting retention, review, and destruction (RRD) responsibilities to new staff and weaving this into your regular refresher training inputs will ensure those persons likely to engage the covert powers are fully au fait with the safeguarding requirements contained within the Codes of Practice.

A couple of further additions to your policy, which it is hoped may further assist the reader in understanding matters pertaining to the use of social media in covert investigations, and when public volunteers may become Covert Human Intelligence Sources (CHIS), are outlined below for consideration for inclusion in your, already well formed, RIPA policy:

- Paragraphs 3.10 – 3.17 Covert Surveillance and Property Interference Code of Practice 2018. (Social media)
- Paragraphs 2.18 – 2.26 CHIS Code of Practice 2018 (Public Volunteers).

The oversight provided by your SRO is of a high standard and is undertaken through bi-annual meetings with representatives from Legal, Enforcement, and Information Management Services. My Inspector informs me that your SRO has found the IPCO newsletter a helpful source of information; I am pleased to hear this and I hope this continues to be the case.

Your authority has been found to be in a good place, with your SRO fully aware of his responsibilities.

I hope the authorities which you head have found this inspection to be of benefit. My Office is available to you should you have any further queries following this inspection, or at any point in the future. Contact details are provided at the foot of this letter.

I shall be grateful if you would acknowledge receipt of this letter within two months.

Yours sincerely,

The Rt. Hon. Sir Brian Leveson
The Investigatory Powers Commissioner

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee 28 July 2022****Grant Thornton – Certification Work Report 2020/21**

Relevant Portfolio Holder	Councillor – Karen Ashley Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

**2. The Committee RESOLVE that:-
The letter 2020/21 is noted****3. BACKGROUND****Financial Implications**

3.1 The fee for the grant work was £28k, which is the same figure as the previous year.

4. Legal Implications

4.1 Grant Thornton have a statutory responsibility to certify the claims submitted by the Council.

5. Strategic Purpose Implications**Finding Somewhere to Live**

5.1 External Auditors have a duty to carry out all work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. This includes certification of grant claims.

5.2 The auditors have certified the Housing Benefit Claim for 2020/21 relating to over £14.8m of expenditure. There were a number of issues (12 data sets) that required further testing. It is worth noting that there is no level of materiality when auditing the housing benefit claim and therefore the errors can be minor in value but require further testing. The auditors have reported in their letter that the workbooks were of good quality and they agreed with officer testing conclusions.

Climate Change Implications

5.3 None.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee 28 July 2022****6. Other Implications****Customer / Equalities and Diversity Implications**

6.1 There are no implications arising from this report.

7. RISK MANAGEMENT

7.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

8. APPENDENCES

Appendix 1 – Grant Thornton Certification letter

AUTHOR OF REPORT

Name: Pete Carpenter– Interim Financial Services Manager (Deputy S151)
E Mail: Peter.Carpenter@bromsgroveandredditchbc.gov.uk

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23 June 2022

Dear James

Certification work for Redditch Borough Council for year ended 31 March 2021

We have been appointed by Redditch Borough Council ('the Council') to certify the Housing Benefit subsidy claim submitted by the Council to the Department for Work and Pensions (DWP). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding. This timeline was extended in 2020/21 due to the impact of the Covid-19 pandemic.

We have certified the Housing Benefit subsidy claim for the financial year 2020/21 relating to subsidy claimed of £14.8 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention. There were twelve sets of additional testing arising from the findings from the previous year. We also found errors in two new areas during our testing in 2020/21 which required additional testing.

Officers again completed the initial testing using the standard workbooks supplied by the DWP. We are pleased to be able to report that the workbook completion was to a good quality, and we agreed with the testing conclusions reached. We received very good support from officers throughout our audit.

Sample testing found the following issues included in the subsidy claim:

- earnings incorrectly calculated / entered
- incorrect application of some allowances
- incorrect overpayment classification

The nature of these errors is very similar to the previous year.

As a result of the errors identified, the claim was amended, and we reported our findings to the DWP in our Reporting Accountant's Report. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

We agreed a fee of £28,000 agreed for 2020/21, which is the same as the previous year.

Yours sincerely



Grant Thornton UK LLP

Appendix A**Findings from certification of housing benefits subsidy claim****Table A - Details of amendments and qualifications**

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£14,764,872	Yes	£93	Yes	See below

Findings from certification of housing benefits subsidy claim**Workbook completion**

DWP provides workbooks to all audit suppliers to complete in order to ensure consistency and high quality in documentation. Many councils now complete these workbooks using Quality Assessment Officers or Supervisors who have not initially been involved in assessing claims. Auditors then re-perform some of the work that officers have completed. This reduces the cost of the work compared to auditors doing it all and gives officers better information on any training needs or quality issues regarding the initial claim assessments.

We again provided support and guidance to officers on workbook completion to help improve the quality of workbook completion. We are pleased to be able to report that the workbook completion was again of high quality, and we agreed with the testing conclusions reached. As officers had previous experience of completing the workbooks, we were also able to reduce the level of re-performance we carried out.

Initial testing

Our initial testing of 60 cases identified five errors. These mainly related to incorrect entry of earnings, incorrect rent figures and incorrect classification of overpayments. The nature of the errors meant that we had to conduct testing in two additional areas, not covered by the testing arising from prior year errors.

Testing arising from prior year errors

Where testing identifies errors in one year, DWP requires us to undertake further testing in the subsequent year. The testing focuses on cases with the same characteristics as the original error. This year, because of errors in previous years, we had to carry out testing in twelve areas (ten last year). In nine of those areas no errors were found and hence no additional testing will be required on these for 2020/21.

For one area, the Council agreed with DWP a delay to the testing whilst a bespoke report was prepared by the software provider. That report has since been received, and we intend to complete our work by the end of July.

Amount of testing and errors found

The table below shows the number of cases tested and the number of errors found in recent years.

	Cases tested	Errors found	% error rate
Year			
2016/17	409	28	7
2017/18	458	35	8
2018/19	489	63	13
2019/20	679	38	6
2020/21	530	15	3

DWP provided a global extension for submitting reports from 30 November 2021 to 31 January 2022. Officers agreed a number of further extensions, to 30 April 2022. We submitted our report to DWP on 3 May 2022.

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Date: 28th July 2022**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****2021/22 INTERNAL AUDIT ANNUAL REPORT AND AUDIT OPINION**

Relevant Portfolio Holder	Councillor Mike Rouse
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, Interim Head of Finance and Customer Services
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: andy.bromage@worcester.gov.uk Contact Tel: 01905 722051
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management Underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance & Standards Committee recommend:-

1) the report is noted.

2. BACKGROUND

- 2.1 The involvement of Member's in progress monitoring is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.
- 2.2 This section of the report provides commentary on Internal Audit's plan delivery for the period 01st April 2021 to 31st March 2022 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

Summary Dashboard 2021/22:

Total reviews planned for 2021/22	15 (minimum originally)
Reviews reported on for 2021/22:	18 (incl. WRS but not Main Ledger)
Assurance of 'limited' or below:	4
Reviews awaiting final sign off:	2
Reviews ongoing:	0
Follow Ups reported during 2021/22:	5
Number of 'High' Priority recommendations reported:	3
Productivity: (yearly average)	58%
Revised overall plan delivery:	89% (against target >90%)

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- 2.3 The Worcestershire Internal Audit Shared Service (WIASS) has delivered the 2021/2022 revised internal audit plan.
- 2.4 The Internal Audit Plan was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk, and external risk) and reported to the Audit, Governance and Standards Committee for approval on 29th July 2021. It included:
- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance and
 - a number of operational systems, for example, vehicle fuelling process(housing), asbestos handling, gas certification, procurement and projects were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 2.5 In accordance with best practice the plan was subject to review during the year to ensure that identified changes, for example, external influences, risk assessment, process re-engineering and transformation were taken into consideration during the year.
- 2.6 The purpose of the 2021/22 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:
- Internal Audit assisted the Authority in meeting its objectives by reviewing the high risk areas, systems and processes,
 - The audit plan delivery was monitored, appropriate action taken and performance reports issued on a regular basis,
 - The key financial systems are reviewed annually, enabling the Authority's external auditors to place reliance on the work completed by Internal Audit,
 - An opinion can be formed on the adequacy of the Authority's system of internal control (reported in Appendix 3), which feeds into the Annual Governance Statement which is presented with the statement of accounts.

Resource Management.

- 2.7 2021/22 was a difficult year as the emergence from the Covid-19 pandemic continued. The plan for 2021/22 remained very flexible. The core financial areas of the business along with several systems reviews were undertaken and reported on. A variation to the plan was necessary which saw a couple of reviews deferred e.g. refuse scalability and ICT. ICT was deferred to allow resource to continue to deploy better security protection for the systems. These adjustments were agreed with the Head of Finance and Customer Services and the s151 Officer.

Date: 28th July 2022**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

- 2.8 The Service carefully managed its resource and worked with partners to deliver the revised audit programme for Redditch Borough Council for 2021/22 with regular updates of progress reported before Committee. The s151 Officer was kept briefed during the year regarding overall progress and was instrumental in the plan variance along with enhancing the process to achieve quicker management sign off. There was also regular reporting to both SMT and CMT.
- 2.9 During 2021/22, audit reviews totalled 18 and full audit reports were provided before Committee containing the Auditors opinion on the effectiveness of the controls operating within those areas. The action plans containing recommendations to address the identified control weaknesses were also reported.
- 2.10 Based on the audits performed in accordance with the revised audit plan the Worcestershire Internal Audit Shared Services Manager has concluded that, on the whole, the internal control arrangements during 2021/22 managed the principal risks identified in the revised audit plan. The difficulties experienced with the financial system roll out has spread the risk across the organisation but in addition to this there continues to be areas of risk within the organisation where mitigation work is required e.g. procurement. A budget monitoring audit was undertaken but due to the known issues surrounding the new system roll out, the difficulties being experienced with cash receipting interfacing and the direct impact this had on reconciliations there was no value to be added by undertaking a main ledger review as the risks and required actions were already known.

Annual Governance Statement ~ Assurance Checklist Statements 2021/22

- 2.11 It is the responsibility of management to maintain the Authority's internal control framework and ensure that controls are being complied with.
- 2.12 In order to ascertain management's view on this and in order to identify any areas where current or emerging risks in relation to internal controls may exist, all Fourth Tier Managers were asked to complete an internal control checklist covering Strategic and Operational, Human Resources, Corporate Procedure Documents, Service Specific Procedures, Risk Management and Anti Fraud, Performance Management and Data Quality, Inventories and independent recommendations from outside bodies including audit.
- 2.13 Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirmed that those controls were operating effectively except when reported otherwise.
- 2.14 A review of the returned statements identified the following themes:

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- The lack of financial monitoring throughout the year, training and guidance on the new financial system. There was acknowledgement there was pressure on the Finance team due to lack of resources and that things were improving at the end of the year with promised improved guidance and with the production of monitoring reports from March 2022.
- The national shortage of skilled and specialist staff which had resulted in staff shortages in some areas. (Planning, Worcester Regulatory Service, HGV mechanics)
- Service 'Risk Champions' were being mentioned and the fact that these will now be keeping risks up to date, but, generally it was concluded that risks are shared and embedded within the services.

Work of interest to the External Auditor

- 2.15 To try to reduce duplication of effort the importance of working with the External Auditors is clearly understood. The audit plan is shared with the external auditors for information. The results of the work performed on seven systems audits is of direct interest to External Audit and reports are passed to the external auditor on request for their information. Internal Audit has worked closely with External Audit regarding the risk the new financial systems have created.

Follow Up Audits

- 2.16 A summary of audit follow ups for the year is provided as part of Appendix 2. This area of work is undertaken to ensure that potential risks to the authority are mitigated. The outcome of this work is reported on an exception basis. There have been no exceptions reported to the Committee during 2021/22. Follow ups, and any exceptions, will continue to be reported but the number of additional visits to ensure points are satisfied is continuing to decrease compared with the previous years. The full reports have been presented before Committee rather than a summary position to aid context and transparency.

Quality Measures

- 2.17 Managers are asked to provide feedback regarding systems audits that have taken place by completing a questionnaire. At the conclusion of each audit a feedback questionnaire is sent to the responsible manager and an analysis of those returned along with anecdotal evidence during the year shows a very high satisfaction with the audit product – see Appendix 2.
- 2.18 To further assist the Committee with their assurance of the overall delivery the Worcestershire Internal Audit Shared Service conforms to Public Sector Internal Audit Standards as amended. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing

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environment that WIASS is auditing in. A copy of the Audit Charter is included at Appendix 4 for information.

Independence and Safeguards

- 2.19 Worcestershire Internal Audit Shared Service activity is organisationally independent. Internal Audit reports to the s151 Officer but has a direct and unrestricted access to senior management and the Chair of the Audit, Governance and Standards Committee.
- 2.20 Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. Staff work to a given methodology and have access to the internal audit reference material and Charter which have been updated to reflect the requirements of the standards. The Charter is included as part of this report at Appendix 4. Where WIASS assisted with the preparation of areas of work such as risk management there were clear safeguards in place to ensure independence was not compromised. Safeguards include review within the audit service by an independent person to those who have completed the work as well as independent scrutiny by the Executive Director Finance and Resources (S151 Officer). Audit Committee can also challenge the reported findings and the minutes would record this.
- 2.21 The Client Officer Group which is the management board for the Service is made up of partner s151 Officers. They meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan as well as actively promoting the continuous improvement of the Service. Further improvement has been identified through the self assessment process which was carried out in August 2020 and a quality assurance improvement plan (QAIP) was formulated. All actions were completed by the end of 2021/22. This is reported for information at Appendix 5.

Assurance Sources

- 2.22 We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we seek to place reliance on such work thus increasing the internal audit assurance coverage e.g. ICT ethical hacking.

Other Operational Work

- 2.23 Work is continuing in respect of the National Fraud Initiative (NFI) exercise. Appropriate action is being taken and work is progressing to identify any potentially fraudulent activity for example overpayment for housing benefits,

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income support, etc. The last significant data extract was December 2021 and the results continue to be worked on. A further upload of data is scheduled for December 2022. WIASS continue with a coordinating role regarding this process.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising out of this report.

4. LEGAL IMPLICATIONS

- 4.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

5. STRATEGIC PURPOSES - IMPLICATIONS**Relevant Strategic Purpose**

- 5.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council’s operations and the internal control environment.

Climate Change Implications

- 5.2 The actions proposed do not have a direct impact on climate change implications.

6. OTHER IMPLICATIONS**Equalities and Diversity Implications**

- 6.1 There are no implications arising out of this report.

Operational Implications

- 6.2 There are no new operational implications arising from this report.

7. RISK MANAGEMENT

- 7.1 The main risks associated with the details included in this report are:

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- Insufficient completion of the programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
- a continuous provision of an internal audit service is not maintained.

7.2 Heads of Service have periodically provided risk management updates before the Audit, Governance and Standards Committee for consideration along with verbal updates from the Head of Finance and Customer Services to provide assurance. Development of the risk management system continues under the directorship of the Executive Director of Finance and Resources (s151 Officer).

8. APPENDICES and BACKGROUND PAPERS

- Appendix 1 ~ Internal Audit Plan 2021/22
- Appendix 2 ~ Performance indicators 2021/22
- Appendix 3 ~ Audit Opinion and commentary 2021/22
- Appendix 4 ~ Internal Audit Charter for WIASS
- Appendix 5 ~ Quality Assurance Improvement Plan

Date: 28th July 2022**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****APPENDIX 1****Internal Audit Plan for 2021/22 Delivery**
1st April 2021 to 31st March 2022

Audit Area	Revised 2021/22 Plan Days	Actual Days used to 31st March 2022
Core Financial Systems (see note 1)	112	124
Corporate Audits	76	70
Other Systems Audits (see note 2)	88	56
SUB TOTAL	276	250
Audit Management Meetings	20	18
Corporate Meetings / Reading	9	8
Annual Plans, Reports and Audit Committee Support	20	12
Other chargeable (see note 3)		
SUB TOTAL	49	38
TOTAL	325	288

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end. A rolling programme was introduced for Debtors and Creditors to maximise coverage and sample size, but internal audit has been unable to deliver this during 2021/22 due to restricted system access. Partial access was provided during September 2021 with further access established during December 2021. The overall results were reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters potentially resulting in unallocated days. 2 reviews were deferred late in Q4 which impacted on the overall Systems days delivered.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

REDDITCH BOROUGH COUNCILDate: 28th July 2022**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****Appendix 2****PERFORMANCE INDICATORS 2021/22**

The success or otherwise of the Internal Audit Shared Service was measured against some of the following key performance indicators for 2021/22. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4 to 6. The position was reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2021/22 Position (as of 31 st March 2022)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = 15 Delivered 18 Including 2 at Draft	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	89%	When Audit Committee convene
3	Service productivity	Positive direction year on year	58% (2020/21 average 62%)	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	3 (2020/21 = 4)	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	8 (2020/21 = 6)	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (Nil)	1 (2020/21 = 0)	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	2 issued 2x Excellent 2020/21 1x Excellent	When Audit Committee convene

WIASS conforms to the Public Sector Internal Audit Standards (as amended).

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Appendix 2

**Audit Opinion Summary Analysis ~
Audits completed during financial year 2021/2022:**

Audit Report / Title	Final Report issued	Assurance
Strategic Acquisitions	13 th October 2021	Significant
Treasury Management	5 th January 2022	Significant
Benefits	19 th May 2022	Significant
Council Tax	20 th May 2022	Significant
National Non-Domestic Rates	20 th May 2022	Significant
Grants	30 th May 2022	Significant
Annual Gas Inspections	13 th June 2022 (D)	Significant (D)
Asbestos Regulation Compliance	13 th June 2022 (D)	Significant (D)
Worcester Regulatory Services	15 th October 2021	Significant
Projects	9 th September 2021	Moderate
GDPR (electronic data security)	5 th November 2021	Moderate
Payroll	21 st April 2022	Moderate
Creditors	6 th May 2022	Moderate
Debtors	13 th June 2022	Limited
Budget Monitoring	13 th June 2022	Limited
Procurement	15 th June 2022	Limited
Risk Management	22 nd March 2022	No
Fuel Usage (Housing)	24 th March 2022	Critical Review
Main Ledger	No report issued as issues relating to the new system implementation already identified	
	Latest Date for Follow Up	Position
Shop Mobility (3rd follow Up)	27 th April 2021	Implemented
Planning Applications (2 nd Follow Up)	8 th June 2021	Implemented
Safeguarding Children (3rd follow Up with Senior Officer intervention)	20 th September 2021	Implemented
Document Retention	29 th September 2021	Partially implemented
Compliments and Complaints (2 nd Follow Up)	30 th September 2021	Implemented

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Summary of 2021/22 Audit Assurance Levels.

2021/22	Number of Audits	Assurance	Overall % (Rounded)
From 18 audits	0	Full	0%
	9	Significant	50%
	4	Moderate	22%
	3	Limited	18%
	1	No	5%
	0	To be confirmed	0%
	1	Critical Review / hybrid / N/a	5%

Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report either verbally or via a feedback questionnaire. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2021/22 financial year has been received indicating that:

- the auditee was happy with the process and format of the audits. This continues to be further developed.
- anecdotal evidence indicates a high satisfaction rate with the audit product from the information received.

Comments received included:

- The thoroughness of the audit was good, the communication throughout was really well managed
- Internal audit was efficient, knowledgeable, open and informative.
- Engagement was positive and helpful from the initiation – very supportive
- A very comprehensive and professional service

Overall Conclusions:

- The 2021/22 revised has been delivered.
- The financial system roll out has impacted and created potential risks across the organisation in addition to other areas that require risk mitigation e.g. procurement
- 72% of the audits undertaken for 2021/22 which have received an assurance allocated returned an assurance of 'moderate' or above.
- The client satisfaction rate of the Service remains high.

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Appendix 3

Audit Opinion and Commentary 2021/22

Internal Audit: Redditch Borough Council has a responsibility for maintaining an adequate and effective internal audit function is set out in the Accounts and Audit (England) Regulations 2018.

2021/22 was a very challenging year regarding the control environment in certain areas of the Council. Changes in the way services needed to be delivered and staff deployed saw a continuance of remote working as there continued to be an emergence from the Covid-19 pandemic. A significant number of staff leaving the Authority was also experienced which created its own challenges within certain Services e.g. Finance. The loss of staff and experience along with the implementation of a new financial system resulted in a very challenging control environment and saw an increase in potential risk in the core financial areas. Appropriate and proportionate remote access to files and systems remained in place to ensure services could continue to be delivered during the second year of the pandemic.

1. Overall Governance Conclusion

- 1.1 Based on the audits performed in accordance with the revised plan, the Head of Internal Audit Shared Service has concluded that the internal control arrangements during 2021/22 managed the principal risks in a number of areas, but not all, and can be reasonably relied upon to ensure that the Council's corporate objectives have been met in the main. Risk remains present which could jeopardise this in the future regarding certain key areas, e.g. finance, and emerging risks will need to be identified and managed. Close monitoring of deployed measures to mitigate risks in finance is set to continue but the need to reduce the overall risk and work towards a better and sustainable approach beyond 2021/22 will be critical to create better transparency, expectations and accountability. This will be necessary to ensure the Council can continue to manage risk effectively and, ensure the development and deployment of a sound control environment where there is the potential for emerging risk. The financial system implementation has introduced some risks into the financial areas of the Council which have been identified as part of the audit reviews, e.g. a lack of budget monitoring, no reconciliations being undertaken and limited assurance reported against several review areas including debtors and budget monitoring. A budget monitoring audit was undertaken but due to the known issues surrounding the new system roll out, the difficulties being experienced with cash receipting interfacing and the direct impact this had on reconciliations there was no value to be added by undertaking a main ledger review as the risks and

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required actions were already known. Procurement also was reported with a limited assurance. The identified risks need to be mitigated as part of the action plans to be deployed to address the identified control weaknesses.

2. Risk Management Conclusion

- 2.1 The Head of Internal Audit can confirm the further development of the formal risk management system has not progressed as well as expected in the organisation under the direction of the previous Financial and Customer Services Manager with a view to achieving a better embedded approach for the future. This area has been relaunched on several occasions in recent years and has been a topic for corporate review for several years now with little traction. This was acknowledged by the current Executive Director of Finance and Resource (s151 Officer) and a strategy agreed and launched at CMT on the 16th March 2022. The Interim Head of Financial and Customer Services is now championing risk management. A specific piece of audit work that was undertaken regarding the formulation of an expected action returned a 'no assurance' categorisation as no action plan had been agreed prior to March 2022. This assurance was associated solely to the action plan that should have been formulated and delivered during 2021/22. Risk management is present in some form in Services but is not corporately coordinated to allow for a joined-up view of risk from a corporate perspective. The implementation of the March 2022 action plan has buy-in from the whole of the management team and will be monitored for progress and reported before Members in the future.

3. Audit Opinion

- 3.1 The internal audit of Redditch Borough Council's systems and operations during 2021/22 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit, Governance and Standards Committee on 29th July 2021 and any subsequent revisions.
- 3.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City for 5 district councils and increased to 6 partners with the inclusion of Hereford and Worcester Fire and Rescue Authority from April 2016. The shared service conforms to CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic and effective use of resources.

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- 3.3 The Internal Audit Plan for 2021/2022 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk, fraud risk, and external risk). It included:
- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
 - a number of operational systems, for example, procurement, fuel usage, projects, grants, gas compliance, asbestos and GDPR were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 3.4 The 2021/22 internal audit plan saw a small revision due to changing circumstances. The revised plan was delivered in full providing sufficient coverage for the Head of Internal Audit Shared Service to form an overall audit opinion.
- 3.5 The results of 18 reviews were taken into consideration. Areas which returned a level of 'limited' or 'no' assurance included debtors, budget monitoring, risk management action plan and procurement.
- 3.6 To mitigate the risk a clear management action plan has been formulated to address the issues identified in all the audit areas where 'no' or 'limited' assurance was identified. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer. There is a clear understanding that further work is required to embed risk management throughout the organisation with an action plan formulated by the Interim Head of Finance and Customer Service and overseen by the Executive Director of Finance and Resource (s151 Officer).
- 3.7 As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are operating effectively. Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirming that those controls were operating effectively except when reported otherwise. There were some key themes identified specifically in some of the returns which will be picked up directly with management including the financial system and budget monitoring. No areas of significant risk have been identified in addition to those already identified during the year.

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- 3.8 Any concerns raised by managers will be assessed and addressed by the Corporate Management Team.
- 3.9 There has been a wide spectrum of assurance applied to the reviewed areas during 2021/22. The implementation of the new finance system has created risk hotspots. This, along with a significant loss of experienced staff due to natural churn and areas of 'limited' or 'no' assurance reviews clearly identify certain areas in the organisation that requires immediate attention to mitigate risk. Audits that have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified give some balance to the overall picture. Any assurance provided is limited to the few areas of the system where controls are in place and are operating effectively. The critical friend review that was undertaken did not provide an overall assurance but did report on potential lessons learnt. It is difficult to draw a comparison with the previous year results and corporate position due to the changing position regarding the recovery from the pandemic and the implementation of the new financial system which has impacted the whole organisation.
- 3.10 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide some assurance based on the audits performed in accordance with the approved plan and the scoping therein.

Andy Bromage
Head of Internal Audit Shared Service
Worcestershire Internal Audit Shared Service
July 2022

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**Worcestershire Internal Audit
Shared Service (WIASS)**

Internal Audit Charter

Redditch Borough Council

Definitions

1. Management refers to the Chief Executive, Executive Directors, Heads of Service and Service Managers
2. Board refers to the Audit, Governance & Standards Committee

This Charter was last reviewed by the Audit, Governance and Standards Committee on the 29th July 2021.

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1. Introduction

Purpose

- 1.1 The purpose of this charter is to define what Internal Audit is and explain its purpose, role and responsibilities.

Provision of Internal Audit Services

- 1.2 WIASS covers five district authorities Wychavon, Malvern Hills, Bromsgrove, Redditch and Worcester and one Fire Service, Hereford and Worcester Fire and Rescue Authority. WIASS will provide internal audit services to third parties under contractual arrangements.

Worcester City Council hosts the Shared Service provision under an on-going Administrative Collaborative Agreement. It is governed by a Client Officer Group (COG) which is made up of the district and Fire Service s151 officers each having an 'equal say'. The Client Officer Group meets approximately 4 times a year.

- 1.3 For line management matters internal audit will report to the Corporate Director of Resources (s151 Officer within Worcester City Council) and the Monitoring Officer in their prolonged absence.

2. Mission and Definition

- 2.1 Mission:

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

Additional information can be found on the local intranet site:

<https://staffroom.worcester.gov.uk/internal-audit>

- 2.2 Definition:

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

3. Scope and Authority of Internal Audit Work

- 3.1 Under the Accounts and Audit Regulations 2015 No. 234 Part 2 Regulation 5:

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(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation "documents and records" includes information recorded in an electronic form.

To aid compliance with Regulation 5 of the Accounts and Audit Regulations 2018 as amended, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that "Internal Audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives".

Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives.

3.2 In the course of their reviews internal audit staff, under the direction of the Head of Service, shall have authority in all partner organisations to:-

- at all reasonable times after taking account of audit requirements, enter on any partners' premises or land;
- have access to, and where internal audit deem necessary take into their possession, any records, documents and correspondence relating to any matter that is the subject of an audit;
- require and receive such explanations as may be considered necessary from any officer of the Partner regardless of their position;
- require any officer of the Partner to produce forthwith cash, stores or any other property under their control.

for the Partner in which the internal audit service is being provided.

3.3 Internal Audit work will normally include, but is not restricted to:

- review and assess the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, and quality of data;

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- reviewing the means of safeguarding assets;
- examine, evaluate and report on compliance with legislation, plans, policies, procedures, laws and regulations;
- promote and assist the Partner in the effective use of resources
- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Partner and recommend arrangements to address weaknesses as appropriate;
- advise upon the control and risk implications of new systems or other organisational changes.
- provide a 'critical friend' to assist services to achieve value for money
- undertake independent investigations into allegations of fraud and irregularity in accordance with the Partner's policies and procedures and relevant legislation
- at the specific request of management¹, internal audit may provide consultancy services provided:
 - the internal auditors independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management¹ have made proper provision for resources within the annual plan
 - management understands that the work being undertaken is not internal audit work.

3.4 IA's remit extends across the entire control environment of the organisation and is not limited to certain aspects or elements.

4. Responsibility of Management¹ and of Internal Audit.

4.1 At all times internal audit will operate in accordance with the partner's Constitution and legal requirements and all internal audit staff will adhere to recognised Professional Standards and Codes of Conduct and Ethics e.g. the Institute of Internal Auditors' and/or CIPFA as well as the Partner's Codes of Conduct and Anti-Fraud and Corruption Policies.

4.2 It is the responsibility of Management to put in place adequate controls to ensure systems meet their objectives and that they are notified without delay of any instances where systems are failing to operate properly. However, where there has been, or there are grounds to suspect that there is risk of a serious breakdown in a significant system, the Head of Service should be informed of the problem and any counter measures already in hand or proposed, as quickly as possible, in order that the Head of Internal Audit Shared Service can decide whether audit involvement is needed.

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- 4.3 Similarly, it is the responsibility of Management to put in place adequate controls to prevent and detect fraud, irregularities, waste of resource, etc. Internal Audit will assist Management to effectively manage these risks. However, no level of controls can guarantee that fraud and the like will not occur even when the controls are performed diligently with due professional care. As a consequence all cases of actual or suspected fraud should be reported to the Head of Internal Audit Shared Service forthwith. The Head of Internal Audit Shared Service will then decide the course of action to be taken with due regard to the Partner's Constitution, e.g. Whistleblower's Charter, Stopping Fraud and Corruption Strategy, etc.
- 4.4 Any officer of a partner organisation who has genuine concerns at raising a suspected instance of fraud or malpractice through their normal reporting channels can raise the matter under the Partner's Whistleblower's Charter directly with any of the persons named in the policy document, including the Head of Internal Audit Shared Service. Head of Internal Audit Shared Service will then pursue the matter in accordance with the provisions of the policy document.
- 4.5 Internal audit is not responsible for any of the activities which it audits. WIASS will not assume responsibility for the design, installation, operation or control of procedures. However, should any partner/client contract for specialist services within an area then the WIASS staff member assigned will not be asked to review any aspect of the work undertaken until two years have passed from the completion of the assignment.
- 4.6 The Head of Internal Audit Shared Service will ensure that the relevant Head of Service and/or Section 151 Officer is briefed on any matter coming to the attention of internal audit, either through a review or otherwise, that could have a material impact on the finances, create an unacceptable risk or be fraudulent for the Partner as quickly as possible, and will ensure the appropriate Officer of the Authority e.g. Director, Monitoring Officer is regularly briefed on the progress of audits having a corporate aspect. Matters involving fraud or malpractice are to be reported in line with the anti-fraud and corruption policy. The most appropriate action/engagement of the relevant Head of Service will be determined by the HoWIASS depending on the circumstances.
- 4.7 In order to (1) maintain a broad skills base within Internal Audit and (2) maximise the ability of the team to offset the cost of providing the internal audit function to the Partner, the strategic plan will include a commitment that internal audit obtains income to the Partner from external work either from partnership working and/or selling its expertise. Such activities will be governed by targets set out in the Collaborative Administrative Agreement and will be approved and reported on to the Client Officer Group.

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5. Planning and Reporting

5.1 To meet the objectives above, the Head of Internal Audit Shared Service shall:-

- a) prior to the beginning of each financial year, following consultation with Management¹ and after taking into account comments from Members arising from the reporting process set out below, provide the Committee with:
 - a risk based audit plan forecasting which of the Partner's activities are due to receive audit attention in the next 12 months. The risk based plan will take into consideration a number of risk factors including corporate risk register, service risk register, local knowledge, corporate promises or objectives, key strategic documents e.g. five year plan and any external audit guidance. Where there is a potential difference between strategy/plan and resource this is reported to the Board²;
 - a detailed operational plan using a risk based assessment methodology showing how/what resources will be required/allocated in the coming financial year in order to meet the requirements of the Partners strategic plans. The Plans will be flexible and include a small contingency contained as part of the consultancy budget to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc. The Head of Internal Audit Shared Service will bring to the attention of the s151 Officer if this budget is depleted so an additional contingency can be agreed. 'Consultancy', for the purposes of WIASS activity, is defined as work that is of a specialist nature and commissioned/requested in regard to an area of work activity within a service area that is in addition to the agreed partners audit plan. The work can be financial or governance based and the output will provide management¹ with challenges to consider depending on its nature. The approach to the assignment can be flexible but follow a similar path in regard to the methodology.
- b) during the course and at the close of each financial year provide the Board² with:
 - quarterly progress reports on actual progress compared to the plan and performance indicators. Such reports to highlight serious problems, either affecting the implementation of the plan, or, in the take up of audit recommendations;

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- an annual report summarising the overall results for the year compared to the plan and pointing out any matters that will impact on internal audit's ability to meet the requirements in the strategic plan;
- c) during the course and close of each full systems/risk audit provide the client manager¹ with:
- a copy of an audit brief and audit information request setting out the objectives and scope of the audit prior to commencement of the audit and a confirmation of resource requirements for the audit.
 - draft recommendations, which will be discussed with the responsible manager¹ prior to sending the draft audit report. The manager¹ is responsible for confirming the accuracy of the audit findings and is invited to discuss the report during the 'clearance' meeting prior to the issue of the draft report.
 - an audit report containing an overview of the quality of the control system, an opinion as to the level of system assurance and detailed findings and recommendations including priority. 'Assurance', for WIASS purposes, is defined as the determination of an overall outcome against a predetermined criteria leading to an applied level giving an overall summary for the work audited.
- d) shortly after the close of each financial year provide for the purposes of the Annual Governance Statement:
- an annual audit opinion of the Partner's system of controls based on the audit work performed during the year in accordance with the plans at 5.1(a) above and reported in accordance with 5.1(b) and (c) above and on the assurance methodology adopted, and, a statement of conformance with the Public Sector Internal Audit Standards and the results of quality assurance and improvement programme.
- 5.2 Expectations of Clients:

Managers and staff should co-operate with the Auditors, and responses should be made to draft reports as outlined at 3 above. Responses should include an action plan, dates for action and responsibility where actions are delegated. The final 'High' and 'Medium' recommendations will be reported to the Board².

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- 5.3 Audit reports will be drawn up following the internal audit report framework. A matrix type report displaying audit findings, risks and recommendations along with a column for management comments, as per 5.1(c), will be provided to management¹. The report will also contain an introduction and priority categories for each of the recommendations. A covering report will be attached to the matrix providing details of the partner organisation, circulation, audit scope and objectives, an audit opinion, an executive summary and an audit assurance rating as well as a clear indication of what action is required by management.
- 5.4 Upon completion of audits, the audit exceptions will be discussed with the relevant line manager and will form the basis of the draft audit reports. The draft audit reports are issued to the relevant line managers for them to confirm the accuracy of the audit findings and content. Managers are invited to contact the Auditor if they wish to discuss the report and asked to show their response in the form of an action plan to each recommendation on the draft report. For accepted recommendations, dates for action or implementation are recorded. The managers' responses are recorded in the final reports that are issued to the appropriate Management¹ officers as deemed relevant for the audit.
- 5.5 In accordance with professional standards, after three/six months from the date of issue of the final report, follow-up audits are undertaken to ensure that the agreed recommendations and action plans have been implemented, or, are in the process of being implemented. A formal follow up procedure / methodology is used to follow up audit reports and reported on an exceptions basis.
- 5.6 Internal Audit works to the reporting quality standards of:
- draft audit reports to be issued within 5 working days of the clearance meeting;
 - management responses received within 10 working days;
 - final audit reports to be issued within 5 working days of the final discussions of the draft audit report and receipt of management responses;
 - final reports to be followed-up initially within 3 to 6 months of the date issue of the final audit report depending on the recommendation priority and residual risk, to ensure that the accepted recommendations due for implementation have been established.
- 5.7 Escalation for late or non return of audit reports will be instigated when after two requests the reports have not been provided by management. The escalation will commence with the s151 Officer being informed of the late return. If the report remains outstanding then the Board² will be

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informed of the inaction with a view to them calling in the Officer to justify the late return.

6. 7 Principles of Public Life and how WIASS interprets and applies them.

1. Selflessness - protecting the public purse and ensuring all actions taken are solely in the public interest.

2. Integrity - completely independent and above undue bias or influence in the work that we do.

3. Objectivity – demonstrate impartiality and fairness in all aspects of our work and when reporting uses only the best evidence without discrimination or bias.

4. Accountability – provide transparency and assurance holding people to account in regard to decisions and actions and provide assurance to those in governance roles.

5. Openness – to promote and ensure through good governance that decisions are taken in an open and transparent manner and no information is withheld from the public unless there are clear and lawful reasons for so doing

6. Honesty – to provide independent assurance to those in governance of confirmation of truthfulness

7. Leadership – through the audit work actively promotes and robustly supports the principles and shows a willingness to challenge poor behaviour wherever it occurs.

For further information on the principles of public life:

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

7. Core Principles for Professional Practice and how WIASS interprets and applies them.

1. Demonstrates integrity:

WIASS works independently, without influence or undue bias. The audit plan is created so that there are no conflicts of interest between the officer and the audit. Potential conflicts of interest are formally checked annually with all members of the WIASS team. Areas of risk for WIASS are identified and mitigated. Potential areas of risk include, but are not limited to, auditors re-auditing Risk Management, NFI, and Regulatory Services in

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consecutive years and Services that they have transferred from. Officers that have conflicts of interest, or if they are / have been working in the area of audit, will not undertake any audits in the conflicting area for a minimum of three years, safeguarding the officers and WIASS' integrity. Further protection is in place by using randomly selected testing samples and a series of independent review stages. All audit working papers, reports and findings are reviewed and if necessary challenged before being issued to the client by either the Head of Service or Team Leader.

2. Demonstrates competence and due professional care:
All reports are reviewed and signed off by either the WIASS Head of Service or Team Leader both of which are highly qualified and governed by professional institution standards. Regular 1-2-1 meetings are held with each officer to ensure progress and personal development. An "open door" culture is adopted throughout WIASS allowing all team members to ask for assistance advice and support at any time. Training (both in-house and external) is available and is provided should it be deemed relevant and appropriate by Head of Worcestershire Internal Audit Shared Service (HoWIASS) / Team Leader.
3. Is objective and free from undue influence:
Independence and safeguarding is a key element of internal audit provision. All WIASS staff are vetted via the Basic Disclosure Check, as well as making a Declaration of Interest on an annual basis declaring any potential conflicts of interest with upcoming audit programme and the partners that WIASS work with. No auditor, who has transferred from a Service, will audit that Service for a minimum of three years. The Service is organisationally independent for all Partners. Although the HoWIASS reports directly to the s151 Officers of the Partner organisations the role has direct and unrestricted access to the senior management team and Committee Chair. The Client Officer Group, who governs the Service, meets on a quarterly basis and is made up of the Partner s151 Officers. They each have an equal vote and consider the strategic direction of the Service as well as progress and performance. Further independence and safeguard checks are reported throughout this Charter in the form of checks, actions and process.
4. Aligns with the strategies, objectives, and risks of the organisation:
The audit plan and it's content is discussed with Management¹and s151 Officers to ensure that risks are identified; appropriate processes, systems and strategies are tested and that areas of risk are monitored and mitigated. Corporate and service risk registers are used along with corporate knowledge and the promises and objectives. Five year plans are also considered as part of the risk profiling and plan definition.

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5. Is appropriately positioned and adequately resourced:
As a shared service, WIASS is hosted by Worcester City Council, but audit allocations ensure a presence in all authorities that it serves across the year. Resources are monitored and tracked throughout the annual audit plan, with forecasting used as often as possible to prevent resources becoming too stretched resulting in reduced coverage. WIASS is governed by a Client Officer Group made up from the Partner s151 Officers but also has direct access to Management¹ and the Board² Chairs. Delegated powers are used should there be any resourcing issues.

6. Demonstrates quality and continuous improvement:
Continuous monitoring of the teams performance via trackers is conducted. Quarterly and annual reports are issued to committee and board members demonstrating trends in productivity and value. Individual reviews via 1-2-1 meetings are held monthly with the Team Leader and include personal development plans for all team members. Improvements and changes will also be made using external assessment as well as internally generated client feedback forms. A self assessment will be completed each municipal year to further provide assurance of quality and improvement. The Service is working with partners to ensure that it continues to provide a 'fit for purpose' Service by developing techniques that will complement requirements, continue to add value and work in a changing environment e.g. critical friend reviews. There is a continuous desire to ensure that the Service changes and adopts best practice methods as identified by the professional institutions e.g. IIA, CIPFA.

7. Communicates effectively:
Various forms of communication are adopted (verbal, written, diagram / graph) throughout the review process by all members of the WIASS team. Continued monitoring and improvements to the methodology are conducted, making the report and testing documents clearer for all users. Findings are discussed verbally with management¹ prior to the issue of a formal report. Reports are issued to Officers and Committee¹ on a regular basis.

8. Provides risk-based assurance:
The audit plans are risk based with reviews being classified from high to low risk. The review scope is risk based which drives the review without creating restrictions on the areas covered. All findings are rated high, medium or low risk. Risks associated with the findings are linked directly to the recommendation and the management action to mitigate it. The review risk is combined to create the overall assurance level of the audit,

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which will be presented to the client with explanation and reasoning in the form of a report.

9. Is insightful, proactive and future-focused:

Insightful – where possible WIASS officers with relevant background experience will be assigned to conduct audits in similar fields. Continued monitoring of current “audit and fraud affairs” is distributed to all WIASS team members. A sharing of knowledge is encouraged in the Service and pre-engagement research. Identification of best practice is shared amongst the authorities. Reports identify areas that are working well as well as those that require improvement. Reviews look for efficiencies and better ways of working.

Proactive – scoping meetings are held for all audits allowing for changes to the audit scope in line with changes in service delivery and legislation between annual planning and audits starting. There is also an ability to vary the plan should an emerging risk present itself using delegated powers so the audit service can be proactive in providing assurance to those in governance. Consultancy days are built into the plans to allow for pre implementation of new system/process advice.

Future-focused – The Service will scan the horizon for risks and issues that are emerging. Networking using, for example, the Midlands Audit Group is used to help inform the audit plans and consultancy assignments to provide information to the partners before it becomes a potential issue for them. Monitoring of the next generation initiatives from Central Government and having a team of auditors aware of the potential risks and impact along with environmental control issues will assist in adding value for our partners.

10. Promotes organisational improvement:

Ethics and culture are key aspects to organisation improvement. WIASS reviews consider ethical and cultural aspects and the potential impact and associated risk. Liaison with s151 Officers, Senior Management Teams and governance boards where applicable to promote continuous organisational development. Audit Reports are issued to management¹ to ensure oversight of the organisation and areas of concern including common themes are looked at and improved on. High and Medium priority findings are followed up after a 3 or 6 month period respectively using an established methodology to ensure that potential risks are being mitigated and there is continuous improvement. Findings will be followed up until such time that they are satisfied. Follow up on findings will be documented and reported to Management, Heads of Service and or the appropriate s151 to give assurance of action and risk mitigation.

For further information please reference:

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<https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-Professional-Practice-of-Internal-Auditing.aspx>

8. External Relationships

8.1 The main contacts are with:

- Institute of Internal Auditors
- External Auditors
- Local Authorities in the Worcestershire area
- Local Authorities in the Midlands area
- Organisations within the Exeter Benchmarking Group
- CIPFA (publishers of the systems based auditing control matrices written by Exeter IA section)
- National Fraud Initiative via DCLG and Cabinet Office

but may include other external parties as necessary.

8.2 Assurance will be accepted and reported from 3rd parties as long as WIASS can rely on their work, and they are suitably qualified to carry out the assessment. The relevance of the work will also be a consideration in using a 3rd party certification e.g. IT integrity testing.

8.3 Where work is undertaken on a contractual basis assurance will be provided to 3rd parties outside of the partnership as appropriately agreed. The methodology applied to audit 3rd party organisations will be the same as the methodology used for the members of the partnership. All of the safeguards used to protect the integrity of the audits carried out for the partnership will be extended to 3rd parties as well and appropriate reporting protocols established as part of any contractual agreement. These will be established as part of the engagement with a clearly identified engagement officer and requirements. No contract will be entered into if it is considered that the independence or integrity of the Service will be compromised. If, during the delivery of a contract, it becomes apparent that there is undue influence being brought to bare and/or that the actions of the client is undermining the ethos of internal audit the HoWIASS will inform the Client Officer Group without delay so a strategic decision can be made to avoid any potential reputational damage or compromised independence. Any assurances provided to 3rd Parties will

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be based on the established internal methodology and the defined definitions of the different levels and priorities.

Notes

- a) In the absence of the Head of Internal Audit Shared Service all provisions relating to him/her above will apply to the relevant Team Leader in accordance with the duties allocated by the Head of Internal Audit Shared Service.

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Version Control:	Date of Change	Action	Updated by
1.0	2 nd March 2012	Charter for WIASS	AB
2.0	9 th August 2012	Update to Charter	AB
3.0	23 rd April 2013	Update to Charter re. International Standards	AB
4.0	21 st January 2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1 st July 2016	Update re. titles and definition of 'consultancy' and 'assurance'.	AB
6.0	April 2017	Full review in line with Standards	HT
7.0	May 2017	COG suggestion: Update of H&WFRS name to reflect legal entity & 'Council's' to 'Partners'.	HT
8.0	June/July 2018	External Assessment recommendations: Update to Mission & Definition Inclusion of 3.4, IA remit Update to 4.6 regarding HIASS responsibility on briefing Inclusion of 5.7, escalation for late and non return audit reports Inclusion of 6 – Principle of Public Life Inclusion of 7 – Core Principles of Public Practice Inclusion of 8.2, assurance from 3 rd Parties Inclusion of 8.3, assurance to 3 rd Parties	HG, AB, HT
9.0	June 2021	Review of Charter	AB
10.0	June 2022	Review of Charter	AB

Quality Assurance Improvement Plan.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Position End of March 2022
1	1000	Updated Charter and Partner approval.	To review and update as appropriate, and present to COG and Partner Committees for approval.	Head of Internal Audit & Team Leader	Sep-21 (Annual Reports)	Completed 30 th September 2021
2	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24	Current Officer training left the Organisation. Ongoing commitment and further training offers to Officers. March 2022
3	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-22	Monitoring and review completed with new and improved process being implemented 22/23 March 2022

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4	2500.A1 - Follow Up	More efficient and timely follow up regarding reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Mar-22	Monitoring and review completed with new and improved process being implemented 22/23 March 2022
5	2010.A1 - Annual Risk Assessments	More effective implementation of Annual Risk Assessments into the annual planning and use within individual audits.	To review the current process of using the annual risk assessments and how inclusion into annual planning and audit planning can be improved.	Head of Internal Audit / Audit Team Leader	Nov-20	Completed 30 th November 2020

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder		July 2022
Lead Director / Head of Service		July 2022
Financial Services		July 2022
Legal Services		July 2022
Policy Team (if equalities implications apply)	N/a	July 2022
Climate Change Officer (if climate change implications apply)	N/a	July 2022

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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 29th July 2021**THE 2022/23 INTERNAL AUDIT PLAN**

Relevant Portfolio Holder	Councillor Mike Rouse
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, Interim Head of Finance and Customer Services
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: andy.bromage@worcester.gov.uk Contact Tel: 01905 722051
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management Underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS**1.1 The Audit, Governance & Standards Committee recommend:-**

- 1) the 2022/23 Audit Plan is approved subject to any comments / proposed changes.

2. BACKGROUND

- 2.1 The aims and objectives of the Worcestershire Internal Audit Shared Service are to:

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 29th July 2021

- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the council and recommend arrangements to address weaknesses as appropriate;
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
- advise upon the control and risk implications of new systems or other organisation changes, e.g. transformation.

2.2 Formulation of Annual Plan

WIASS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The Internal Audit Plan for 2022/23, which is included at Appendix 1, is a risk-based plan which takes into account the adequacy of the council's risk management, performance management, other assurance processes as well as organisational objectives and priorities. It has been based upon the risk priorities per the Corporate and Service risk registers. Large spend budget areas have also been considered, along with direct association to the organisational objectives and priorities. The Internal Audit Plan for 2022/23 has been agreed with the s151 Officer, considered by the Senior Management Team and is brought before Committee in draft form. It has been formulated with the aim to ensure Redditch Borough Council meet its strategic purposes, delivers its promises and has directly linked the various aspects to identify the 'golden thread' regarding the objectives and risk identification to Service delivery. It was brought before the Audit, Standards and Governance Committee in draft format as the involvement of the Committee is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

We recognise there are other review functions providing other sources of assurance, both internally and externally, (e.g. ICT Public Service Network, Cyber Essentials, assurance testing) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

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To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is available to the external auditors for information.

By bringing a plan of work before the Audit, Governance and Standards Committee which had been formulated with the aim to ensure Redditch Borough Council meets its strategic purposes it allows Members to have a positive input into the audit work programme for 2022/23 and make suggestions as to where they feel audit resources may be required under direction of the s151 Officer and within the finite resource available. Due to the continuing changing environment that exists in Local Government the plan must be seen as a framework for internal audit work for the forthcoming year. There is a need for improved flexibility in the plan due to a constantly changing risk profile. To ensure flexibility there is the possibility that the plan will be updated during the year to address such challenges and any emerging risks. It is planned that a regular review before Senior Management Team will take place to ensure the audit plan remains risk focussed, and any required changes can be considered.

2.3 Resource Allocation

The Internal Audit Plan for 2022/23 has been based upon a resource allocation of 377 chargeable days plus Rubicon, an allocation which has been agreed with the council's s151 Officer. A summary of the days as well as the detailed plan provision has been included at Appendix 1. Although all areas have been considered an assessment has been made whether to include in the plan based on the overall risk and governance profile. The Head of Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts. The 377 day plus Rubicon allocation is based on transactional type system audits.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Redditch Borough Council and Bromsgrove District Council the plan continues to be organised in a smarter way to exploit the efficiencies that this type of working provides. Although the audit areas will have an allocation of audit days the reviews will continue to be more cross cutting than before and will encompass the different service perspectives that the Services need to deliver (e.g. the customer journey impacts on the majority of service areas so the audit review will consider this). All or part of the budgeted days will be used on a flexible basis depending on the risk exposure the result being better corporate coverage and ownership of the audit outcomes.

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Due to both external and internal audit findings the financial systems have been included as audit areas as it is considered certain risks remain in these areas. It is hoped that in time a 'watching brief' approach can be adopted when there is a confidence in the new financial system, an embedded process of control and anti-fraud measures thus leading to a reduction in the allocated days. However, during 2022/23 this will not be the case due to the challenges encountered in the system implementation. Operational support days are included to give a little flexibility and contingency in the plan, e.g. consultancy, but are necessary to support the delivery of the plan as a whole.

The Internal Audit Plan for 2022/23 is set out at Appendix 1.

2.4 Monitoring and reporting

Operational progress against the Internal Audit Plan for 2022/23 will be closely monitored by the Head of Internal Audit Shared Service and will be reported to the Shared Service's Client Officer Group (which comprises the s151 officers from partner organisations), and, to the Audit, Standards and Governance Committee on a quarterly basis.

3. Financial Implications

3.1 There are no direct financial implications arising out of this report.

4. Legal Implications

4.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control".

To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards (as amended) details that "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".

5. STRATEGIC PURPOSES - IMPLICATIONS

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 29th July 2021**Relevant Strategic Purpose**

- 5.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

Climate Change Implications

- 5.2 The actions proposed do not have a direct impact on climate change implications.

6. OTHER IMPLICATIONS**Equalities and Diversity Implications**

- 6.1 There are no implications arising out of this report.

Operational Implications

- 6.2 There are no new operational implications arising from this report.

7. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
- a continuous provision of an internal audit service is not maintained.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 ~ Internal Audit Plan 2022/23

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 29th July 2021APPENDIX 1SUMMARY OF DETAILED PLAN

Planned Days	2022/23
Core Financial Systems	115
Corporate Work	43
Service Delivery incl. Other Operational Work	165
Sub Total	323
Audit management meetings	20
Corporate meetings / reading	9
Annual plans, reports & Committee support	25
Sub Total	54
Total Audit Days	377
Rubicon	10

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2022/23 Internal Audit Plan

Audit Area	Corporate Link	Risk Register Reference	Plan Priority		Resource 2020/21 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
FINANCIAL							
Debtors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High		15	17*	1 to 4
Main Ledger/Budget Monitoring/Bank Rec. (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High		20	30*	1 to 4
Creditors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/High		15	17*	1 to 4
Treasury Management (incl. strategic acquisitions and process)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium		4	6*	2
Council Tax	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium		8	8*	1 to 3
Benefits	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium		10	10*	1 to 3
NNDR	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium		8	8*	1 to 3
Payroll	Enabling & Contractual Obligation	Lack of robust financial accounting and monitoring arrangement	Medium/High		17	19	1 to 3
Sub TOTAL					112	115	

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference	Plan Priority		Resource 2020/21 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
CORPORATE							
IT Audit (Cyber essentials)	Fundamental to strategic purpose delivery	N/a	Medium		9	15*	3 - 4
Risk Management (Action plan implementation) (note 2)	Fundamental to strategic purpose delivery	S151 request	Medium		6	10*	3 - 4
GIS & Gazetteer – Phase 1	Fundamental to strategic purpose delivery	HoS	Medium		0	10*	1
Transformational Team Utilisation	Fundamental to strategic purpose delivery	HoS	Medium		0	8*	1 - 2
GDPR - Document Retention Policies - Security of electronic data	Fundamental to strategic purpose delivery	N/a	Medium		11	0	
Procurement (signposted for 2023/24) (note 3)	Fundamental to strategic purpose delivery		Medium		11	0	
Use of Agency & Consultants	Fundamental to strategic purpose delivery	N/a	Medium		0	0	
Projects	Fundamental to strategic purpose delivery	N/a	Medium		16	0	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference	Plan Priority		Resource 2020/21 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
Grants (Various)	Enabling	Lack of robust financial accounting and monitoring arrangement	High		20	0	
Orb	Fundamental to strategic purpose delivery	N/a			0	0	
Disabled Facility Grants	Enabling	N/a	Medium		3	0	
Sub TOTAL					76	43	
SERVICE DELIVERY							
Community & Housing Service							
Homelessness Grants	Help me to live my life independently	HoS	Medium		0	20	1
Housing Revenue Account	Help me to live my life independently	HoS	Medium		0	15	4
Lifeline Service	Help me to live my life independently	HoS	Medium		0	10	2
St David's House	Help me to live my life independently	HoS			0	0	

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference	Plan Priority		Resource 2020/21 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
Environmental & Housing Property Services							
Workshop Licensing Compliance	Fundamental to strategic purpose delivery	HoS	Medium		0	15	2
Fuel Usage Across the Fleet	Fundamental to strategic purpose delivery	HoS	Medium		0	25	1
Refuse Service scalability (new builds)	Keep my place safe and looking good	Enabling 24			10	0	
Housing repair and maintenance	Ensuring a sustainable council	Deputy Chief Executive request			25	0	
Asbestos Regulation Compliance	Keep my place safe and looking good	Hou 21			17	0	
Annual Gas Inspection	Keep my place safe and looking good	Hou 14			17	0	
Planning, Regeneration & Leisure							
Leisure Strategy	Provide good things for me to see, do and visit	HoS			0	6	3 - 4
Contract Management Arrangements	Provide good things for me to see, do and visit	Contractual requirement - SLA			0	0	

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference	Plan Priority		Resource 2020/21 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
Sub TOTAL					69	91	
Other Operational Work							
Advisory, Consultancy & Contingency	Operational support	N/a	N/a		20	20	1 - 4
Fraud & Investigations incl. NFI	Operational support	N/a	N/a		15	15	1 - 4
Completion of prior year's audits	Operational support	N/a	N/a		12	12	1
Report Follow Up (all areas)	Operational support	N/a	N/a		15	15	1 - 4
Statement of Internal Control	Operational support	N/a	N/a		6	6	1 & 4
Bus Operators Grant	Operational support	N/a	N/a		6	6	1 & 3
Sub TOTAL					74	74	
Audit Management Meetings	Operational support	N/a	N/a		20	20	1 to 4
Corporate Meetings / Reading	Operational support	N/a	N/a		9	9	
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a		25	25	
Sub TOTAL					54	54	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference	Plan Priority		Resource 2020/21 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
TOTAL					385	377	

Rubicon Leisure	Arms-length LA Company	N/a	N/a		10	10	
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REDDITCH BOROUGH COUNCILDate: 28th July 2022**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Explanatory Notes:

*As part of the increasing joint and shared service working between Redditch Borough Council and Bromsgrove District Council the audit budgets and areas will feature in both internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.

The customer journey will be considered overall as part of the service audits.

Note 1: New financial system therefore audit budget increase.

Note 2: Risk management relaunch reviewing ongoing progress against action plan and reporting.

Note 3: Procurement is to be revisited as part of the follow up process. Consideration of a full review will be given at the time of follow up depending on the outcomes.

General:

- Climate change was considered but not included at this time. It will be reconsidered for 2023/24.
- Levelling up and Towns Fund remains under consideration for inclusion in the 2022/23 plan.

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee 28 July 2022****Quarterly Risk Update**

Relevant Portfolio Holder	Councillor – Karen Ashley Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

2. RECOMMENDATIONS

The Committee is asked to consider:

- The revised definition of a Corporate Risk.
- The present list of Corporate Risks and request any additional risks to be considered.
- That the use of the Risk Management Framework devised by Zurich is appropriate.

3. KEY ISSUES**Background**

- 3.1 In 2018/19, an audit of Risk Management provided an assurance level of limited assurance due to weaknesses in the design and inconsistent application of controls. As a result of the audit, a review was commissioned and undertaken by Zurich Municipal to consider the Council's risk management arrangements and to advise of any recommendations. In response to the Zurich review a Risk Management Strategy was produced for both Bromsgrove District Council and Redditch Borough Council.
- 3.2 A follow-up review was carried out by Internal Audit in March 2021 (Final Report June 2021) with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given.
- 3.3 CMT, on the 16th March 2022, acknowledged that there is a risk management system in place, and there are areas of good practice however this was not uniform across the

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Councils. The embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. It recommended that:

- A initial Officer Risk Board to take place on in the first week of April 2022. This happened on the 8th April. The next round of Officer meeting take place on the 22nd June.
- Each department nominate a representative to a Risk Board. This happened on the 8th April.
- Each department to complete an updated Risk Register by Wednesday 6th April (linked to the Zurich Recommendations). These were reviewed at the meeting on the 8th April.
- That both Audit Committees, who both met in the week commencing the 11th April be verbally updated on Progress.
- CMT were updated at their meeting on 13th April on progress and were presented with a draft Corporate Risk Register for approval. This took place and these are contained in this report.
- That updated reports are prepared for next cycle of Audit Committees. This cycle is in July 2022.
- That the Officer Group update the Risk Register and formally report for CMT on a quarterly basis.

The Definition of a Corporate Risk

- 3.4 The Council has existing Corporate and Departmental Risks. Members of the Risk Board were not sure of the link on how Risks on system had become Corporate in nature.
- 3.5 The following definition of a of how Risks move from being “departmental” to being “corporate” in nature was recommended by the Risk Group and approved by CMT.

“For a **Risk** to move from being **Departmental** in nature to being **Corporate** in nature that it ***must have significant impact on Councils finances, be cross departmental in nature and/or result in Serious reputational damage.*** The Officer Risk Board will vet departmental risks using this definition to move then to Corporate Risks at their quarterly meetings.”

The 4Risk System

- 3.6 The Council procured the 4Risk system to manage its risks. Risks are subdivided into Corporate Risks and then Departmental Risks.
- 3.7 Each individual risk has an individual record applied to it to ensure all the pertinent information is captured. This is shown in Appendix A. This always includes a field which sets out when records need to be reviewed.
- 3.8 It was the view of the Risk Board that the system is fit for use, and with the updated definition of Corporate Risks, that Risks can be properly allocated. However, the Board felt that at a Departmental level that they should not be too prescriptive on the number of risks included as that will relate to how individual departments are being managed and

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the nature of their services. **The data below shows that there has been risk management taking place at a departmental level.** However, there was the requirement to ensure more uniformity and consistency of reporting.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	12	20	13	45
Finance	0	0	4	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities and Democratic Services	0	0	7	7
ICT	2	4	5	11
Planning Services	0	1	1	2
Housing	1	11	11	23
Community Services	1	1	5	7
HR	0	0	1	1
Total	16	42	61	119

Corporate Risks

- 3.9 The Officer Risk Board reviewed the risks in the above table at their meeting on the 8th April using the new definition of “Corporate Risks”. The Board thought that Corporate Risks should be “High” in nature and therefore be red. The table below sets out the updated Corporate Risk Register that the Risk Board took to CMT and gained their approval.

Risk Ref	Risk Title	Action	Narrative
COR9	Non-Compliance with Health & Safety Legislation	Remain	Is an issue across all Departmental Risk Registers
COR10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence	Remain	High Risk Projects are brought to CMT on a quarterly basis and CMT also need to monitor those Projects.

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COR11	Manage the impart of National Changes	Replace	Replaced by New01 below
COR12	Business Continuity Plans fail to operate effectively in an incident	Closed	Council has worked effectively over the past 2 years. Impact is Cyber attacks affecting Business Continuity – see New02 below
COR13	IT Systems and Infrastructure has a major failure	Closed	Council's Systems and Infrastructure has worked effectively given the changes due to C-19. Biggest issue to this is now Cyber Attacks – see New02
COR14	Non-Adherence with Statutory Inspection Policy	Remain	Is an issue across all Departmental Risk Registers
COR15	Impact to changes in Partner Funding Arrangements	Remain	This was in relation to both Leisure Providers and WRS. Risk should remain but closely tied to New01
COR16	Management of Contracts (should not be Conveyances reading the backing documents)	Remain	CMT on 30/3 had a report on levels of non-compliance on contracts. This risk needs to be updated to reflect that Audit Report.
New01	Resolution of the approved Budget Position in both Councils	New	Both Councils have approved budget plans which reduce reserve levels to dangerous levels over the MTFS period. Budgets need to be balanced and reflect national changes and the funding envelope and associated pressures Councils now find themselves in
New02	Protection from Cyber Attack	New	Councils are under increasing danger of Cyber attack which affects service delivery and associated recovery plans. It has taken Hackney over 18 months to recover from such an incident. It is imperative that the Council has defences in place to minimise the risk of such an attack.
New03	Adequate Workforce Planning	New	That the Council have an available workforce to discharge its duties to the public.
New04	Financial Position Rectification	New	The Council is presently over a year behind in financial returns and this potentially affects service delivery and reputation. That the Council rectify this position in a timetable agreed with all major stakeholders.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee 28 July 2022****The Risk Management Framework**

- 3.10 In 2019, the Council commissioned work with Zurich on Risk Management. A Risk Management Framework was created although this was not approved by CMT at the time. This Risk Management Framework is attached as Appendix B. This Framework was approved for use at the meeting of CMT on the 13th April. The Board can design Risk Training based on its content to managers.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Financial Implications

- 5.1 The Council spend significant sums insuring itself and must also hold Reserves to mitigate the costs of risks should they happen. A comprehensive Risk Management approach ensures risk and its consequences, including financial ones, are minimised.

6. Strategic Purpose Implications**Relevant Strategic Purpose**

- 6.1 A comprehensive Risk Management approach ensures **Risk and its Consequences** is minimised for the Council.

Climate Change Implications

- 6.2 The green thread runs through the Council plan. This includes risks linked to activities and actions that link to our climate.

7. Other Implications**Customer / Equalities and Diversity Implications**

- 7.1 If risks are not mitigated it can lead to events that have Customer/Equalities and Diversity implications for the Council.

Operational Implications

- 7.2 Risks are inherent in almost all the Councils operational activities and therefore significant risks need to be identified, monitored and mitigated.

8. RISK MANAGEMENT

- 8.1 This report is about Risk Management.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee 28 July 2022****9. APPENDENCES**

Appendix A – Information Captured on the 4Risk System

Appendix B – Risk Management Framework

AUTHOR OF REPORT

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Appendix A - Information Captured on the 4Risk System

FIN 1 - Fail to provide adequate support to managers to manage their budgets

Record Last Reviewed: 29 Mar 2019 11:13 Record Last Updated: 29 Mar 2019 11:12

Cause and Effect Existing Controls Action Required Contingency Details Assurance Record History

Risk Ref: FIN 1

Risk Owner: Chris Forrester [Details]

Risk Status: Open

Corporate Objective: N/A

Risk Area: 02. Finance

Sub Risk Area: Financial Services

Risk Category: N/A

Risk Level: Corporate Operational

Project Risk: Project

Cause(s):

- Managers unaware of what is required
- Maverick behaviour unchecked / unchallenged
- Priorities lying elsewhere (transformation, systems implementation)

Effect(s):

- Insufficient funds to deliver service objectives
- Overspends (or underspends) on budgets
- Reputational damage
- Service quality issues

Linked Risks: [View Linked Risks](#)

Review Required From: 31 Jan 2022

[Review Risk Record](#) [View Risk Review Records](#)

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RISK MANAGEMENT HANDBOOK – TOP TIPS FOR MANAGERS GUIDANCE

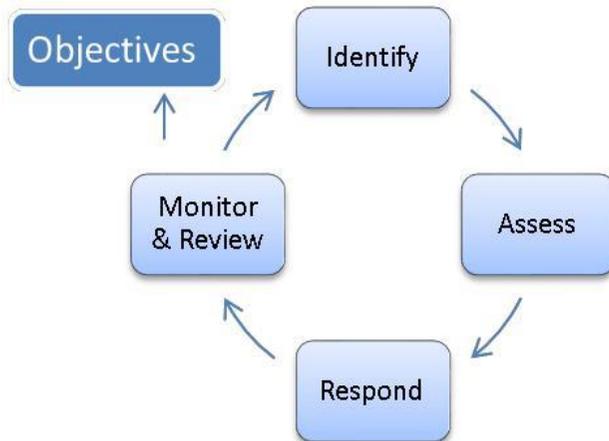
RISK MANAGEMENT AT BDC /RBC

The **Risk Management Handbook** provides an overview for all staff of the council's approach to Risk Management, including the extent to which Performance Management and Data Quality are integral to this.

This '**Top Tips for Managers**' Guide aims to provide more detailed guidance for Service Managers to support the identification and management of risk, aligned with the available resources, and contributing to the delivery of the council's overall strategic purposes

RISK MANAGEMENT CYCLE

The Risk Management Cycle must be applied both to strategic and operational risks. It is as follows:



IDENTIFY YOUR RISKS

- A risk is an event or action that will have an effect on our ability to achieve our purposes
- Those best placed to identify risks are those who are responsible for the delivery of the purposes.

To be effective, Risk Management needs to be aligned with corporate aims, purposes and priorities. At BDC / RBC, risk is embedded at the heart of planning and ongoing performance management.

Strategic risks recorded on the Corporate Risk Register:

- The risks that are potentially damaging to the achievement of the council's overall purposes, or have an impact on the council corporately (e.g. damage to reputation). Strategic risk management is a task for the CMT, in close liaison with elected members.
- Corporate Plan

Operational risks recorded in individual Operational Risk Registers:

The risks associated with individual service delivery, which will be managed by the Service Managers responsible for delivering those services.

RISK MANAGEMENT – TOP TIPS

You can begin to think about your potential risks using a range of tools. These could include:

- Analysing past claims and other losses;
- Analysing past corporate incident/failures;
- Health & Safety inspections;
- Induction training & performance meetings;
- Staff and customer feedback

It may also help to think about the kinds of categories in which risks may sit. Suggestions are listed at Appendix I to assist.

ASSESS YOUR RISKS

Once the potential risks to service delivery have been identified, these need to be analysed by:

- Assessing the likelihood of the risk occurring
- Assessing the impact of the risk

Measure the LIKELIHOOD – the chance of something nasty happening

- **High** – event expected to occur in most circumstances
- **Medium** – might occur in most circumstances
- **Low** – likely to occur only in exceptional circumstances

Measure the IMPACT – the effect that something nasty happening would have

Seven criteria can help up measure impact; injury to personnel, loss of service, damage in reputation, number of people involved, scope for complaint/litigation, amount of financial loss or regulatory breach.

We use the following three categories to measure impact. Each can be defined in line with the seven criteria. However, it should be noted that these criteria are for **guidance only** and do not need to all apply exactly. Each risk should be considered individually.

CRITICAL

1. Death, extensive permanent injuries, long term injury
2. Short to medium term loss of service capability
3. Adverse local publicity, potential for embarrassment nationally
4. More than 40 people involved
5. Strong possibility of litigation
6. Financial loss in excess of £250,000
7. Breaches of law punishable by fines and/or imprisonment

SIGNIFICANT

1. Medical treatment required, long term sickness
2. Short to medium term disruption to service capability
3. Needs careful public relations management
4. Up to 40 people involved
5. High potential for complaint, litigation possible
6. Financial loss between £50,000 and £250,000
7. Breaches of regulations/national standards

NOTICEABLE

1. No injuries beyond 'first aid' level
2. No significant disruption to service capability
3. Unlikely to cause any adverse publicity
4. No more than 6 people involved
5. Unlikely to cause complaint/litigation
6. Financial loss below £50,000
7. Breaches of local procedures/standards

NB. A number of low impact incidents may have a significant cumulative effect and require attention.

****Wherever possible, describe your risk using:
“Loss / failure of xxx, leading to xxx, resulting in xxx”****

RISK MANAGEMENT - TOP TIPS

ASSESS contd.

After assessment, the likelihood and impact measures can be input into our Risk Matrix:

LIKELIHOOD OF OCCURRENCE

	RISK ASSESSMENT MATRIX		
	NOTICEABLE	SIGNIFICANT	CRITICAL
HIGH	4	7	9
MEDIUM	2	5	8
LOW	1	3	6
	IMPACT		

This will produce a 'score' for the risk and, more importantly, a colour risk rating (i.e. red, amber or green). These colours define our Risk Appetite (the level of risk we are willing to accept), and therefore guide how we will respond to each risk. *(note this may change subject to current work to identify risk appetite)* The ratings are:

Unacceptable risk: immediate control improvement required
Acceptable risk: monitor closely and seek cost effective control improvements
Acceptable risk: review regularly and seek low cost control improvements if possible

RESPOND TO THE RISKS

Our risks, once identified and assessed, must be dealt with in line with the colour rating/Risk Appetite so we are providing a proportionate and cost effective response.

- Can we take action to reduce the likelihood of the event happening?
- Can we reduce the impact of the event?
- Can we change the consequences of the event?

Ask yourself:

We use four basic ways of responding to risk although, in practice, we will probably need to use a mixture of responses to address risk. These are;

- **Tolerate**
- **Treat**
- **Transfer**
- **Terminate**

See page four for a description of each.

RISK MANAGEMENT – TOP TIPS

Tolerate

- Do nothing / consciously accept the risk
- Certain risks cannot be adequately treated by either avoidance, transfer or control. In such cases, there is no alternative but for the council to accept the 'residual', or remaining, risk.
- We need to keep an eye on trends as too many may need investigation. Although they may not merit the cost of action, even very low risks, if repeated often enough, can become a problem that needs management.

Treat

- Take action to ensure existing controls are effective by periodic review and/or by implementing additional controls where considered necessary to reduce either the impact or likelihood that the event will materialise.
- The effort/cost must be proportionate to the level of risk.

Transfer

- Involves another party taking on, or sharing, the risk.
- Good examples of this are insurance and contracting out/shared services.
- **NB** Ultimate responsibility to undertake statutory requirements remains with the council, even if third party provision is engaged.

Terminate

- Deciding not to continue or proceed with an activity in view of the level of risk involved, wherever possible
- **NB** Statutory Requirements cannot be avoided.

RE-ASSESSING RISK

Putting in place appropriate actions to respond to the risk will allow for the risk to be measured again. The risk matrix can be used to re-evaluate the risk after control measures have been put in place, and this will provide the risk's '**residual score**'.

The 'Residual Score' should be at a level that is acceptable to management, and will also be recorded on the relevant **Risk Register (corporate or operational)**. It will give a measure of the effectiveness of the various control measures, and help to raise awareness of their importance.

It will also inform managers of the level and type of monitoring and management that will be required for the risk on an ongoing basis.

MONITOR & REVIEW THE RISKS

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place. The **Risk Registers** record risks to the council.

Corporate Risk Register

We have a dynamic process of review; identifying new risks, removing mitigated risks and tracking changing risk scores throughout the year. In addition, there are formal review points:

- Published on the intranet
- Reviewed quarterly by risk management group and reported to CMT
- 6 monthly review to Audit Committee
- Annual report also produced for SMT

RISK MANAGEMENT – TOP TIPS

Operational Risk Register

- Council Plan actions and Operational Risk Registers are combined
- Maintained by service areas on the 4 Risk system
- Having carried out assessment of risk, managers must:
- Ensure that the agreed control measures continue to be applied
- Check whether there has been any change in circumstances that necessitate a fresh risk assessment being carried out
- Formally review all risk assessments affecting their areas of activity quarterly, **providing a current risk score each quarter.**
- Revisit all risks each year.

New Risks

New risks identified throughout the year must be captured on the appropriate risk register, either by Service Managers for operational risks, and then discussed at risk management group meetings, or through notification to the HOS for corporate risks.

New corporate risks will be reported to the next quarter's CMT meeting and added to the register if deemed appropriate by CMT..

The assessment and response to new risks must be recorded in line with the Risk Management Handbook, as with any other risk.

Review

The risk assessment process involves all managers and will be repeated at least annually to monitor the effectiveness of the risk control measures implemented.

Audits are carried out in line with Internal Audit's rolling three year plan to identify opportunities for improvement. Changes in the council and the environment in which it operates will continue to be identified and appropriate modifications made to systems.

The monitoring process will provide assurance that there are appropriate controls in place for the council's activities, and that procedures are understood and followed.

DECISION MAKING, PROJECT PLANNING & WORKING IN PARTNERSHIP

Decision making

The Council needs to be able to demonstrate that it has considered the key risks associated with any proposed activity before arriving at a decision. This must also include considering the key risks associated in deciding against that proposed activity.

Risk therefore needs to be addressed at the point at which decisions are being taken. Where members and managers are being asked to make decisions they will be advised of the key risks associated with the recommendations being made.

Risk management is used to guide decisions and policy development.

RISK MANAGEMENT – TOP TIPS

Project Planning

Risk management must also be an integral part of project management, both in terms of the initial project/solution design and as part of ensuring that projects are delivered successfully.

Working in partnership

Where the council provides services in partnership, potential risks that could prevent success still need to be considered, just as though the council were providing those services itself. Risks should be managed through formal contracts and partnership agreements that clearly identify risks and allocate them to the appropriate parties. They are also included in our Corporate Risk Register.

Agreeing clear partnership outcomes is essential from the outset of an agreement. There must be open communication between the partners about the key risks that the partnership faces in achieving its purposes, which are formalised in partnership agreements.

Risks in partnerships should be considered using the council's Risk Management Framework and cycle which will:

- Highlight the risks that the partnership faces
- Identify the barriers to the partnership's success
- Creates a common understanding among partners of the issues the partnership faces
- Prioritise the risks and ensures that these are regularly reviewed and monitored
- Allocates responsibility for managing the risks to the party best placed to do it
- Provides the necessary assurance to each organisation that the partnership is being adequately managed

Risks associated with key partnerships must be regularly reviewed with the monitoring process agreed when the partnership is set up. Reports to the partnership and the individual organisations should be determined by the significance of the risks involved.

The following documents will include formal identification of associated risks:



ACCOUNTABILITIES, ROLES & RESPONSIBILITIES

The Director of Finance and Resources has the lead role for developing the council's approach to risk management. She is assisted by the Finance Manager and Insurance Officer, who support officers in implementing risk management on an annual and day to day basis.

Risks cannot be managed if they are not owned. This means the day to day responsibility for risk management lies with managers and staff.

Roles & Responsibilities are described in Appendix II.

RISK MANAGEMENT – TOP TIPS

APPENDIX 1 contd

TRAINING

Having established responsibilities for risk management, the council must ensure that staff and members have the appropriate skills to undertake the roles.

It is the responsibility of managers to ensure their staff are properly trained in the implementation of this strategy.

A programme of training will then be provided including:

- An induction to 4-risk
- Awareness raising for all staff
- Refresher training
- Ad hoc training from Zurich, the council's Risk Advisers, to meet identified need
- Inclusion of Risk in the Members' Handbook

This 'Top Tips for Managers' Guide is also intended for use as an ongoing training resource.

APPENDIX 1

RISK CATEGORIES

Here is a list of risk categories to help you identify your risks. Risks can be strategic, operational or sometimes a mixture of both. These categories are only intended as a guide to help you consider risk, and will not be exhaustive or cover every risk in every situation.

We also need to bear in mind Governance factors:

	Sources of Risk	Risk Examples
STRATEGIC	Business Continuity	Loss of data / records / buildings
	Infrastructure	Functioning of transport, communications and utilities infrastructure. Impact of storms, floods, pollution
	Financial	Funding sources
	Politics and Law	Effects of change of government policy, UK or EC legislation, national or local political pressures or control, meeting the administrations manifesto commitments
	Social Factors	Effects in changes in demographic, residential and social trends on ability to deliver objectives
	Technology	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability to use technology to address changing demands
	Competition and Markets	Affecting the competitiveness (cost & quality) of the service and/or ability to deliver Best Value and general market effectiveness
	Stakeholder related factors	Satisfaction of: citizens, users, central and regional government and other stakeholders
	Environmental	Environmental consequences of progressing strategic objectives (e.g. in terms of energy efficiency, pollution, recycling emissions etc.)

	Sources of Risk	Risk Examples
OPERATIONAL	Finance	Associated with accounting and reporting, internal financial delegation and control e.g. managing revenue and capital resources, pensions
	Human Resources	Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, employment policies, health and safety and absence rates
	Contracts and Partnerships	Failure of Contractors to deliver services or products to the agreed cost and specification. Procurement, contract and relationship management. Overall Partnership arrangements e.g. for pooled budgets or Community Safety
	Tangible Assets	Security of land and buildings, safety of plant and equipment, control of I.T. hardware
	Environmental	Relating to pollution, noise or the energy efficiency of ongoing operations
	Processes	Infection control, inspection compliance, project management, performance management
	Professional judgement and activities	Risks inherent in professional work such as legal or other professional advice, working with children, designing buildings

	Sources of Risk	Risk Examples
GOVERNANCE	Integrity	Fraud and corruption, accountability and openness, equality and diversity, legality of actions and transactions and limits on authority
	Leadership	Reputation, authority, democratic renewal, trust and identity
	Policy and strategy	Ensuring clarity of purpose and communication. Policy planning, community planning and monitoring and managing overall performance
	Data and information for decision making	Data protection, data reliability and data processing. Information and communication quality. Effective use and interpretation of information. Control of data and information.
	Risk Management	Incident reporting and investigation, risk measurement, evaluation and monitoring

RISK MANAGEMENT HANDBOOK – Roles & Responsibilities

APPENDIX I

In the following table, risk management responsibilities relate to business as usual, projects, risks and financial performance

Employees	Resources – (Insurance Officer) <ul style="list-style-type: none"> Leading the annual review of the Risk Management Handbook/Policy and Strategy Maintaining and reporting on the Corporate Risk Register Advising Service Managers on the identification, assessment and management of operational risks during the Service Planning process Working with Service Managers on a quarterly basis to review risk management, as part of the Performance Management Framework Providing ongoing support and training to staff in relation to risk management. Consolidate inspection policy 		All Employees <ul style="list-style-type: none"> All council employees are responsible for ensuring there are robust and fit for purpose systems of internal control and risk management in place, and that they are aware of the risks that they: <ul style="list-style-type: none"> Are empowered to take Must avoid Must report upward Risk Owners are accountable for the management of their own risk, and these are defined in Risk Registers. All staff are responsible for reporting hazards/risks to their manager for escalation/consideration for inclusion in the Corporate Risk Register.
Managers	Senior Management Team / CMT <ul style="list-style-type: none"> Collectively, approving the risk management approach Considering and approving the Risk Management Policy, as formed by the Handbook Individually, ensuring risk is managed effectively in their own service area, in line with the agreed strategy Ensure risk is managed and monitored effectively in shared services (hosted and non-hosted) in their area Affirming and supporting the work of risk management throughout the council, which is an important part of the council's corporate governance arrangements Monitoring corporate risks on a six monthly basis and annually in SMT meetings Reporting all new and amended risks to Insurance Officer for inclusion in the Corporate Risk Register, and to ensure they are linked to the budget planning process 		Service Managers <ul style="list-style-type: none"> Ensuring that all employees within their service understand and comply with the risk management policy & procedures Identifying, evaluating and managing operational risks and reporting any possible corporate risks to the Head of Service Ensure that operational risk registers are established for their services and regularly reviewed to ensure that risks are adequately monitored and managed Formally review all arrangements for risk management affecting their service areas at least annually as part of the business planning process
Members	Council The Leader of the Council is responsible for acting as the Lead Councillor for risk management.	Executive Committee Executive Committee is responsible for considering risk implications when making any decision	Audit, Standards & Governance Committee Notified of Corporate Risk Register and its contents on an annual basis. Review on a 6 monthly basis
All Members	<ul style="list-style-type: none"> Considering risk implications in planning and decision making Have a responsibility to understand the strategic risks facing the council Bringing to the attention and discussing with officers any risks relating to the council's policies and activities, or any risks identified when undertaking duties as an elected member Have an understanding of the key council risks falling within their portfolio area, where relevant Providing leadership and direction for the management of risk on 		
Internal Audit	<ul style="list-style-type: none"> Undertaking audits of the council's Risk Management system and procedures in order to assess their effectiveness and compliance with the council's requirements as part of the corporate governance process Making recommendations to improve the effectiveness of Risk Management within the council 		

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

Work Programme 2022-23

July 2022

- Standards Regime - Monitoring Officer's Report
- General Dispensation Report
- RIPA Report 2022-2023
- Grant Thornton - Housing Benefit 2020/2021 Certification Letter
- Grant Thornton – Progress Report*
- Internal Audit – Annual Report 2021-22
- Internal Audit – Audit Plan 2022-23
- Risk Register Update
- Annual Appointment of the Risk Champion
- Audit, Standards and Governance Committee Work Programme

- To be considered in October 2022

October 2022

- Standards Regime - Monitoring Officer's Report
- Internal Audit Progress Report
- Grant Thornton External Audit Progress Report and Sector Update
- HRA S151 Update
- Treasury Report Update
- Corporate Risk Register
- Risk Champion Update
- Audit, Standards and Governance Committee Work Programme

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