



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

1 August 2022

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Town Hall, Market Street, Tamworth on Wednesday, 10th August, 2022 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. B.', followed by a long horizontal line.

CHIEF EXECUTIVE

A G E N D A

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 5 - 10)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

4 Update from External Auditors

5 Risk Management Quarterly Update (Pages 11 - 28)

(Report of the Assistant Director, Finance)

6 Quarterly Internal Audit Progress Report - Q1 (Pages 29 - 46)

(Report of the Audit Manager)

7 Independent Member Update (Pages 47 - 56)

(Report of the Audit Manager)

8 Audit and Governance Committee Timetable (Pages 57 - 62)

(Discussion Item)

9 Exclusion of the Press and Public

To consider excluding the Press and Public from the meeting by passing the following resolution:-

“That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public”

At the time this agenda is published no representations have been received that this part of the meeting should be open to the public.

10 Minutes of any Sub-Committee meeting (Pages 63 - 64)

(To receive the minutes of any sub-committee meeting and where relevant approve any recommendations contained therein)

A Private Meeting of the Internal and External Auditors and Committee Members will follow this meeting

Access arrangements

If you have any particular access requirements when attending the meeting, please contact Democratic Services on 01827 709267 or e-mail democratic-services@tamworth.gov.uk. We can then endeavour to ensure that any particular requirements you may have are catered for.

Filming of Meetings

The public part of this meeting may be filmed and broadcast. Please refer to the Council's Protocol on Filming, Videoing, Photography and Audio Recording at Council meetings which can be found [here](#) for further information.

If a member of the public is particularly concerned about being filmed, please contact a member of Democratic Services before selecting a seat

FAQs

For further information about the Council's Committee arrangements please see the FAQ page [here](#)

To Councillors: P Turner, R Ford, D Cook, A Cooper, S Daniels, J Jones and P Thurgood

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MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 8th JUNE 2022

PRESENT: Councillor P Turner (Chair), Councillors R Ford (Vice-Chair),
D Cook and A Cooper

Officers Stefan Garner (Executive Director Finance), Joanne
Goodfellow (Assistant Director Finance), Joanne Sands
(Assistant Director Partnerships) and Jo Hutchison
(Democratic Services, Scrutiny and Elections Officer)

External Auditors Laurelin Griffiths (Grant Thornton), Will Guest (Grant
Thornton)

Apologies received from: Councillor(s) S Daniels, J Jones and P Thurgood

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S Daniels, P Thurgood and
J Jones.

2 APPOINTMENT OF VICE-CHAIR

RESOLVED that Councillor R Ford was elected as Vice Chair

(Moved by Councillor P Turner and seconded by Councillor D Cook)

3 MEMBERSHIP OF AUDIT & GOVERNANCE SUB-COMMITTEE

The Committee agreed that the membership of the Audit & Governance Sub-
Committee would comprise:

Councillor Paul Turner
Councillor Sarah Daniels
Councillor Andrew Cooper
Councillor Richard Ford.

4 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 22 March 2022 were approved and signed as a correct record.

(Moved by Councillor R Ford and seconded by Councillor A Cooper)

5 DECLARATIONS OF INTEREST

There were no declarations of Interest.

6 ROLE OF THE AUDIT COMMITTEE

The Committee received a presentation from the External Auditors on the role of the Audit Committee.

7 AUDIT PLAN

Laurelin Griffiths, from the External Auditors provided an overview of the Audit Plan for the year ending 31 March 2022 and highlighted:

1. The significant risks for the audit which were (i) the rebuttable presumed risk of risk of fraud in revenue recognition and expenditure, which the auditors determined could be rebutted for the reasons set out in the report; (ii) the presumed risk that management override the controls (iii) valuation of land and buildings and (iv) valuation of the pension fund net liability. The work undertaken to respond to those risks.
2. That the materiality threshold was set at £1.15m, with a threshold of >£57,000 for reporting misstatements identified to the Committee.
3. Value for money planning was reported as ongoing.

The Committee:

1. Sought clarification on the language utilised in the Audit Plan regarding a favourable of variance on the general fund compared to budget, where the s151 Officer confirmed that this reflected the COVID grants received and the equivalent expenditure of those grants in relief to local businesses such that there was a net zero cost to the Council.
2. Sought clarification on the meaning of materiality in terms of the Audit Plan where was confirmed that this reflected the level at which an error would need to be which would affect how a reader would interpret the financial statements. There would be a lower threshold for performance materiality, which was the threshold at which testing would be undertaken by the auditors.

8 REGULATION OF INVESTIGATORY POWERS ACT 2000

The Assistant Director, Partnerships introduced the Regulation of Investigatory Powers Act Report which, in accordance with the Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA), provided an annual report to this Committee to demonstrate to elected members that the Council was complying with its own Code of Practice when using RIPA.

RESOLVED that the Committee endorsed the Report.

(Moved by Councillor R Ford and seconded by Councillor A Cooper)

9 ANNUAL GOVERNANCE STATEMENT AND CODE OF CORPORATE GOVERNANCE

The Chief Executive introduced the Annual Governance Statement and Code of Corporate Governance Report, which provided a refreshed Governance Statement and Code of Corporate Governance for the Committee's approval.

RESOLVED that the Committee approved:

- a) The Annual Governance Statement (for inclusion in the annual statement of accounts) at **Appendix 1** to the Report; and
- b) Code of Corporate Governance at **Appendix 2** to the Report.

(Moved by Councillor D Cook and seconded by Councillor A Cooper)

10 REVIEW OF THE TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STATEMENT 2022/23 AND THE TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR REVIEW REPORT 2021/22

The Executive Director, Finance introduced the Treasury Management Strategy Statement, Minimum Revenue Provision Statement and Annual Investment Statement 2022/23 and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2021/22 which had been approved by Council on 22 February 2022 and 14th December 2021 and was here for this Committee's scrutiny and review.

The Committee:

1. sought details on future training sessions for members on treasury management which the Executive Director agreed to arrange during this financial year.
2. sought clarification on why HRA debt seemed to be planned to be increasing which was reported to be because there was expected to be a borrowing need in the capital programme to fund expenditure in the later years of the capital programme to fund net carbon neutral initiatives.

RESOLVED that following consideration of the Treasury Management Reports, as detailed in Appendix A and Appendix B and the clarifications sought and received, the Committee made no changes for recommendation to Cabinet.

(Moved by Councillor D Cook and seconded by Councillor R Ford)

11 RISK MANAGEMENT QUARTERLY UPDATE

The Assistant Director, Finance introduced the Risk Management process and progress Report for Quarter 4 2021/2022.

The Committee:

1. sought clarifications on the mitigations in place to manage the risk of fall in income to the Council were collection rates for Council Tax to fall, where it was reported that currently collection rates were reasonably good and that performance measures were reviewed and remained in target.
2. queried whether the risk scoring for the modernisation and commercial agenda as green was correct given the detail in the risk control measure which showed two indicators were red, where it was agreed that this scoring would be reviewed.

RESOLVED that the Committee endorsed the Corporate Risk Register.

(Moved by Councillor D Cook and seconded by Councillor A Cooper)

12 UPDATE ON THE NEW UPDATED LGA MODEL CODE OF CONDUCT

The Monitoring Officer introduced the Update on the new updated LGA Model Code of Conduct Report which aimed to inform members and bring to their attention the new Local Government Association Model (LGA) Code of Conduct in response the recommendations made by the Office for Standards in Public Life so the Committee can consider whether to adopt it in full or in part, or to retain the Council's current Code of Conduct for Councillors ("Code of Conduct").

The Committee considered that further information was required before the Committee could consider the recommendations contained within the report and suggested that a briefing session be arranged prior to bringing a further report back to this Committee to a future meeting.

RESOLVED that the Committee defer consideration of the recommendations within the report to a later meeting of this Committee, and that a briefing session be organised.

(Moved by Councillor R Ford and seconded by Councillor D Cook)

13 INTERNAL AUDIT ANNUAL REPORT AND QUARTERLY UPDATE

The Executive Director, Finance introduced the report which comprised Internal Audit's Annual Report (Appendix1), and included results for the quarter 4 to 31 March 2022.

The Committee requested:

1. that in future, audit reports show the outstanding audit recommendations over a 5 year period, which the Executive Director confirmed would be possible.
2. that consideration be given to making Committee reports available to members with more notice such that members had further time to fully digest the detailed reports.

RESOLVED that the Committee endorsed Internal Audit's Annual Report (Appendix 1), which included the results for the quarter 4 to 31 March 2022.

(Moved by Councillor D Cook and seconded by Councillor R Ford)

14 PUBLIC SECTOR INTERNAL AUDIT STANDARDS/QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The Chief Executive introduced the Public Sector Internal Standards / Quality Assurance and Improvement Programme report which was required for Internal Audit to report to the Committee on its compliance with the relevant Standards.

The Audit Manager had completed the self assessment which was set out in the report and the Chief Executive reported that the 5 yearly external assessment was scheduled for 2022/23 and that an external assessor would be engaged to undertake this.

RESOLVED that the Committee endorsed:

1. Internal Audit's compliance with the PSIAS (Appendix 1); and
2. the QAIP (Appendix 2).

(Moved by Councillor D Cook and seconded by Councillor A Cooper)

15 UPDATE ON APPOINTMENT OF INDEPENDENT MEMBER TO THE AUDIT & GOVERNANCE COMMITTEE

In the absence of the Audit Manager, the Committee requested that an update on the questions asked by the Committee at its meeting in March 2022, be circulated to members.

This item was deferred to the next meeting.

16 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE

The Committee reviewed the Timetable.

The Committee requested that the Timetable be carefully reviewed for the next 12 months by Officers to ensure that the agendas for each meeting were appropriate and if necessary additional meetings be scheduled.

17 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That Members of the press and public be excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

(Moved by Councillor D Cook and seconded by Councillor R Ford)

The Executive Director, Finance, the Assistant Director Finance, the Assistant Director Partnerships and the Monitoring Officer left the meeting.

18 MINUTES OF THE AUDIT & GOVERNANCE SUB-COMMITTEE MEETING

The Committee received the minutes of the 14th April 2022 Audit & Governance Sub-Committee meeting and an update from the Vice Chair and Chief Executive.

Chair

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 10th August 2022

REPORT OF THE ASSISTANT DIRECTOR FINANCE

RISK MANAGEMENT QUARTERLY UPDATE

Purpose

To report on the Risk Management process and progress for Quarter 1 of the 2022/23 financial year

Recommendations

- **That the Committee endorses the Corporate Risk Register.**

Executive Summary

One of the functions of the Audit & Governance Committee is to monitor the effectiveness of the Authority's Strategic risk management arrangements. This report includes the actions taken to manage those risks and raise issues of concern that may impact the Authority. Corporate risks are identified, managed and monitored by the Corporate Management Team (CMT) on a quarterly basis.

A copy of the current Corporate Risk Register is attached, as **Appendix A**. The control measures contained in the report will be developed during the next quarter to reflect the objectives of the revised Corporate Plan. The new control measures will ensure the delivery of the strategic objectives as detailed in the 2022-25 Corporate Plan **Appendix B**, and to minimise the risk of any strategic drift.

The Operational risk champions group has met to discuss cross service risks and will report items of significance that could affect the strategic risks. From the recent meeting of the group the issue of note remains the continued impact of supply shortages and increased costs. This issue continues to be monitored, and mitigating measures adopted where possible.

The various national shortages over a range of goods and services continue and are areas for concern and consideration. These include HGV drivers, Gas supplies, fuel costs, construction materials, and the general shortages of skilled workers leading to increased staff costs in many industries. These staffing issues are being felt within the Authority and this may have an impact on the provision of our services. These cost and supply pressures continue to have an effect and inflation is projected to continue to increase at least in the short term.

The heightened risk of cyber-attacks as a result of the conflict in the Ukraine is still present and the Information Technology team are taking steps to mitigate this risk.

At the same time as rising supply costs there is also the potential for a fall in income as the disposable income of the general public reduces due to the pressures on the household purse. This has the potential to affect collection rates for Council Tax and Housing rents. It is more likely that income to attractions and events will reduce. This may be affecting the take up of tickets for events such as those being held to tie in with the Commonwealth Games. It is hoped that this will be addressed at least in part as the games progress and the national interest increases. It is too early to assess the full year impact, but the situation will be monitored.

Options Considered

None.

Resource Implications

None.

Legal / Risk Implications

There are no direct legal implications from this report but failure to manage strategic risks could lead to issues in delivering strategic priorities.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Roger Bennett ext. 246

LIST OF BACKGROUND PAPERS

None

APPENDICES

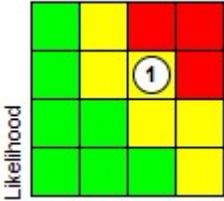
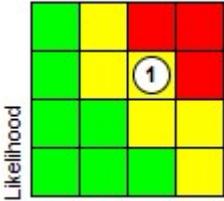
Appendix A Corporate Risk Register

Appendix B Corporate Plan 2022-25 summary

Corporate Risks Summary Page

Generated on: 20 July 2022

Corporate Risk Heading	Status	Status	Current Risk Matrix	Executive Leadership Team
Finance/Financial stability		Warning		Stefan Garner
Modernisation and commercial agenda		Warning		Anica Goodwin
Governance		Warning		Anica Goodwin
Community Focus		Warning		Rob Barnes

Corporate Risk Heading	Status	Status	Current Risk Matrix	Executive Leadership Team
Economic Growth and Sustainability		Warning	 <p>Likelihood</p> <p>Severity</p>	Stefan Garner
Organisational Resilience		Warning	 <p>Likelihood</p> <p>Severity</p>	Rob Barnes

1. Finance/Financial Viability

Generated on: 20 July 2022

Corporate Risk	To ensure that the Council is financially sustainable as an organisation
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Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	4	Severity	3	Severity	3
Likelihood	4	Likelihood	3	Likelihood	2
Risk Score	16	Risk Score	9	Risk Score	6
		Date Reviewed	21-Jul-2022	Target Date	
Causes	<ul style="list-style-type: none"> * Austerity cuts/Major variances to the level of grant/subsidy * The uncertainty and financial disruption from External economic influences - mainly on income levels and current cost / inflationary pressures (and potential contractual cost increases) * Poor Procurement practices and weak or ineffective Contract Management meaning VFM not maximised and TBC exposed to unnecessary liabilities. 		Consequences	<ul style="list-style-type: none"> * Inability to plan long term due to uncertainty over future Local Government funding. The planned funding reforms, Fair Funding Review, business rates reset and the revised business rates retention scheme has been deferred again although no timescales have been released. * Unplanned cost reductions / savings requirements * Financial issues leading to the Authority being taken over by Government appointed officers 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Monthly budget management	31-Mar-2023			Joanne Goodfellow
Robust monitoring process for MTFs in place and Quarterly Healthcheck update to Members	31-Mar-2023			Joanne Goodfellow

Recovery and Reset Programme	31-Mar-2025		Highlight reports shared with corporate scrutiny as part of wider R&R reporting arrangements	Tina Mustafa
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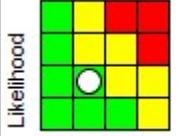
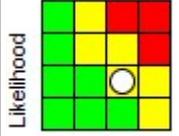
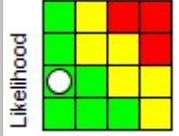
Latest Note	The impact of the current cost pressures will be monitored and updates reported to Members on a Quarterly basis within the Quarterly Performance Report.
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Corporate Priority affected	<ul style="list-style-type: none"> The Economy Infrastructure Living in Tamworth Town Centre
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2. Modernisation and Commercialisation Agenda

Generated on: 20 July 2022

Corporate Risk	Failure to Develop and implement Continuous Service improvement and develop employees to perform the right work
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Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	2	Severity	3	Severity	1
Likelihood	2	Likelihood	2	Likelihood	2
Risk Score	4	Risk Score	6	Risk Score	2
		Date Reviewed	21-Jul-2022	Target Date	
Causes	<ul style="list-style-type: none"> * Slow or no progress on commercial investment strategy * Under utilisation of Assets * The uncertainty and financial disruption from External Economic influences and current cost / inflationary pressures (and potential contractual cost increases. * Failure to have the organisational structure and a skilled and motivated workforce 		Consequences	<ul style="list-style-type: none"> * Tamworth not seen as a positive place to live or invest in * Lack of economic and commercial growth * General community malaise * Unable to deliver agreed strategies 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Delivery of Planned Commercialisation Strategy	31-Mar-2023			Joanne Goodfellow
Management of Assets – deliver Corporate Capital Strategy and Asset Management Strategy actions	31-Dec-2022			Paul Weston

Workforce Planning

31-Mar-2023



Zoe Wolicki

Latest Note

Severity level increased following discussion held at the A&G Cttee on the 08/06/22

Corporate Priority affected

The Environment

The Economy

Infrastructure

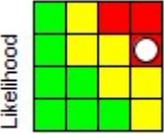
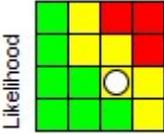
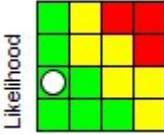
Living in Tamworth

Town Centre

3. Governance

Generated on: 20 July 2022

Corporate Risk	Avoid bad practices and contravention of legislative requirements and ensure the authority is held to account
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Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	4	Severity	3	Severity	1
Likelihood	3	Likelihood	2	Likelihood	2
Risk Score	12	Risk Score	6	Risk Score	2
		Date Reviewed	21-Jul-2022	Target Date	
Causes	<ul style="list-style-type: none"> * Failure of democratic process * Non-adherence to legislation - Ultra-vires actions and decisions * Cyber Attack due to lack of preparedness * No horizon scanning of legislative changes 		Consequences	<ul style="list-style-type: none"> * Prosecution of individuals * Loss of reputation * Authority taken over by Government appointed officers * Increase in costs, Legal and settlement 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Audit and Scrutiny Committees	31-Mar-2023			Joanne Goodfellow
Cyber Security	31-Mar-2023			Zoe Wolicki
Data Protection	31-Mar-2023			Zoe Wolicki
Policies and Procedures	31-Mar-2023			Zoe Wolicki

Latest Note

Corporate Priority affected

The Economy

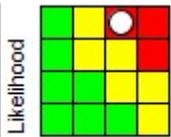
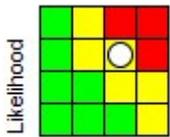
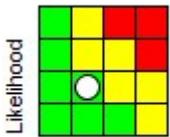
Living in Tamworth

Town centre

4. Community Focus

Generated on: 20 July 2022

Corporate Risk Safety, health and wellbeing of the citizens of the borough

Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	3	Severity	3	Severity	2
Likelihood	4	Likelihood	3	Likelihood	2
Risk Score	12	Risk Score	9	Risk Score	4
		Date Reviewed	21-Jul-2022	Target Date	
Causes	<ul style="list-style-type: none"> * Lack of Community cohesion and engagement * Children & Adults at Risk of Abuse & Neglect * Modern Slavery * Lack of Affordable homes 		Consequences	<ul style="list-style-type: none"> * Increase in crime and disorder * Increased tensions in the community * Death or serious injury * Poor and overcrowded housing * Increased demand for social housing 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Training for Staff and Members	31-Mar-2023			Zoe Wolicki

Latest Note

Corporate Priority affected

The Environment

Infrastructure

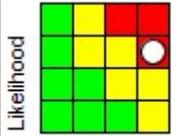
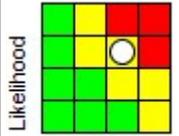
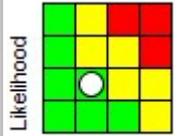
Living in Tamworth

Town centre

5. Economic Growth and Sustainability

Generated on: 20 July 2022

Corporate Risk	Lack of economic growth and sustainability in the Borough at the levels required
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Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	4	Severity	3	Severity	2
Likelihood	3	Likelihood	3	Likelihood	2
Risk Score	12	Risk Score	9	Risk Score	4
		Date Reviewed	21-Jul-2022	Target Date	
Causes	<ul style="list-style-type: none"> * Lack of investment in the Borough * General downturn in the economy due to factors beyond our control * Failure to recognise economic changes 		Consequences	<ul style="list-style-type: none"> * Economic prosperity declines * Deprivation * Reduced Business Rates income 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Develop a Master plan for the Town Centre & delivery of a co-ordinated Town Centre Programme	31-Mar-2023			Anna Miller
Longterm Investment / Prepare a viable deliverable plan that delivers the regeneration of Gungate	31-Mar-2023			Anna Miller

Latest Note	<i>The project for the town centre regeneration financed by the Future High street fund and being undertaken in conjunction with the Tamworth College represents a major contribution to the town centre programme and therefore a high profile risk area</i>
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Corporate Priority affected

The economy

Infrastructure

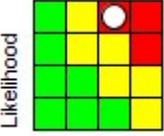
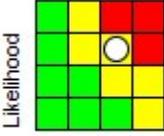
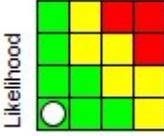
Living in Tamworth

Town Centre

6. Organisational Resilience

Generated on: 20 July 2022

Corporate Risk	Failure to provide services or maintain the continued wellbeing and operations within the Borough
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Original Matrix		Current Risk Matrix		Target Risk Matrix	
Severity	3	Severity	3	Severity	1
Likelihood	4	Likelihood	3	Likelihood	1
Risk Score	12	Risk Score	9	Risk Score	1
		Date Reviewed	21-Jul-2022	Target Date	
Causes	<ul style="list-style-type: none"> * Significant event outside of our control e.g. major disaster, pandemic etc. * Staff not aware of action to be taken in the event of an emergency/disaster * Lack of sufficient agile operational options 		Consequences	<ul style="list-style-type: none"> * Services not delivered * Life and property put in harms way * Reduced 'economic attractiveness' * Loss of reputation 	

Risk Control Measure	Risk Control Measure Due Date	Risk Control Measure Status	Risk Control Measure Note	Assistant Director
Business Continuity Planning	31-Mar-2023			Paul Weston
Emergency Planning	31-Mar-2023			Tina Mustafa

Latest Note

Corporate Priority affected

The Environment

The Economy

Infrastructure

Living in Tamworth

Town centre

CORPORATE PLAN SUMMARY

TAMWORTH BOROUGH COUNCIL VISION

'Tamworth – celebrating our heritage, creating a better future'

1. THE ENVIRONMENT

- ▶ Enforcement and education with regard to litter and fly-tipping
- ▶ Development of infrastructure for acting on Climate Change
- ▶ Support more people to recycle and to reduce waste
- ▶ Working with partners to protect, maintain and improve the green space offer

3. INFRASTRUCTURE

- ▶ Review Local Plan to improve the transport links within Tamworth
- ▶ Improve existing walkways and cycling routes
- ▶ Ensure more people can access council services digitally/digital enhancement with partners and within Council housing stock

2. THE ECONOMY

- ▶ Development of business initiatives to promote start up and growth
- ▶ Support business growth to generate employment opportunities by working with businesses
- ▶ Provision of good quality and affordable housing
- ▶ Improve tourism in terms of good access to information for visitors to help local businesses and Tamworth as a destination as a whole, maximise and improve the quality of the visitor experience

4. LIVING IN TAMWORTH

- ▶ Ensure adequate supply of affordable housing through the Local Plan review
- ▶ Investment in Neighbourhood and Place environment
- ▶ Through our Economic Development team, we will support job creation and business retention and expansion through interventions and advice, and seek to protect the local economy where we can influence this.
- ▶ Improve and promote Tamworth's historic and cultural assets and events
- ▶ Community Safety focus on neighbourhoods and place
- ▶ Working with partners to ensure the fear of crime within Tamworth is reduced

5. TOWN CENTRE

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ Continue to develop street market and extend supporting events around the market to add vibrancy within the town centre ▶ Create a branding scheme for "Created in Tamworth" ▶ Provide the infrastructure to improve evening and night time economy ▶ Embrace Tamworth's history and culture so as to build a sense of local pride and support our children's education and understanding of the significant part Tamworth played in British history | <ul style="list-style-type: none"> ▶ Continue to promote all outdoor events ▶ Development of a new Tamworth Enterprise Centre as part of the structural transformation of the town centre ▶ Make the town centre more accessible ▶ Provide the environment where the leisure and food offer can grow and flourish ▶ Working with others seek to improve the night-time transport offer to support the overall night-time economy |
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Wednesday, 10 August 2022

Report of the Audit Manager

Quarterly Internal Audit Progress Report - Q1 2022/23

Exempt Information

None.

Purpose

To provide Audit & Governance Committee with internal audit's progress report for period to 30 June 2022.

Recommendations

It is recommended that the Committee notes Internal Audit's progress report which includes the results for the quarter 1 to 30 June 2022.

Executive Summary

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Audit Standards and guidance.

Progress during Quarter 1 of 2022/2023 is contained and detailed in **Appendix 1** to this report. The performance against target is low, currently 6% completion of the Audit Plan. However, this is due to undertaking significant assurance work and the development of a planned approach to procuring an external supplier for the provision of general audit services. Our procurement exercise is looking to use an existing framework agreement and draw down these services, two suppliers have been approached and the results of this exercise will be reported to Audit & Governance Committee.

Options Considered

Not applicable.

Resource Implications

None.

Legal/Risk Implications Background

Failure to report would lead to non-compliance with the requirements of the Annual Governance Statement and the Public Internal Audit Standards.

Equalities Implications

None.

Environment and Sustainability Implications (including climate change)

None.

Background Information

None.

Report Author

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List of Background Papers

Appendices

Appendix 1 – Internal Audit Progress Report including progress to 30 June 2022.

Internal Audit Progress Report (Quarter 1)
July 2022



Contents

- 01 Introduction
- 02 Internal Audit Work Undertaken
- 03 Opinion
- 04 Follow Up
- 05 Performance of Internal Audit

Appendices

- 01 Summary of Internal Audit Work Undertaken
- 02 Assurance and Recommendation Classifications

In the event of any questions arising from this report please contact Andrew Wood, Audit Manager andrew-wood@tamworth.gov.uk

The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report was produced solely for the use and benefit of Tamworth Borough Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 INTRODUCTION

BACKGROUND

This report summarises internal audit activity and performance for the period to 30 June 2022.

SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This progress report and opinion forms part of the framework of assurances that is received by the Council and is used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

ACKNOWLEDGEMENTS

Internal audit is grateful to the directors, heads of service, service managers and other staff throughout the council for their help during the period.

02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2022/23 was approved by the Audit & Governance Committee at its meeting in March 2022. The plan was for a total of 18 audits.

Much of quarter one work has been centred on completing annual reports, compliance statements (including the Annual Governance Statement) and supporting counter fraud checks on Coronavirus Business Grants and Energy Rebates.

The audit findings of each review, together with recommendations for action and the management response are set out in our detailed

reports. A summary of the reports we have issued and the progress made this year is included at **Appendix 01**.

03 OPINION

SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

INTERNAL AUDIT OPINION

On the basis of audit work completed, the Audit Manager’s opinion on the council’s framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed.

Specific Issues

No specific issues have been highlighted through the work undertaken by internal audit during the period.

Fraud & Irregularity

No matters of fraud or irregularity have been reported during the period. Also see the fraud update on this Committee’s agenda.

Consultancy & Advice

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters from time to time. During the period to 30 June 2022, the following was undertaken:

- Attending disabled facilities grant working group;
- Test and Trace assurance statement; and
- Protect and Vaccinate assurance statement.

04 Follow Up

As previously agreed by the Committee, all high priority actions and those arising from no and limited overall assurance reports are followed up by audit, managers confirmation applies to the rest.

The total outstanding actions at the end of Quarter 1 are 60 (14 high, 35 medium, 11 low). During 2021/22 the Audit Manager held meetings with all Assistant Directors to review all outstanding recommendations. This has shown a specific improvement in the implementation and the number of recommendations, over time, has been shown within **Appendix 3** of this report, as requested by this committee. This shows in tabular graph form the progress regarding the number of outstanding audit recommendations over time.

The Audit Manager is currently holding meetings with all Assistant Directors to review outstanding recommendations as at 30th June 2022.

Priority of Recs	Number of O/S recs – 31 March 2022	Number of recs closed during the period April – June 2022	Number of additional recs made during Q1	Number of current O/S recs as at 30 June 2022	Overall movement of rec numbers during the first quarter
High	24	10	0	14	-10
Medium	51	20	4	35	-16
Low	18	11	4	11	-7

As at 30 June 2022 there were 14 high priority recommendations outstanding however of these 10 were overdue and these are being followed up during July/August 2022 as part of the Quarter 1 review with Assistant Directors.

The current high priority recommendations which are overdue relate Property Compliance (2), Housing Repairs (1), PCI DSS (2), Data Protection (3), Pentana (1) and Business Continuity (1). In all cases progress is being made on these recommendations and implementation will be reported to this committee.

Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Internal audit work has been performed in accordance with PSIAS.

Conflicts of interest

There have been no instances during the year which have impacted on internal audit's independence that have led to any declarations of interest.

Performance of Internal Audit

Internal audit quality assurance

To ensure the quality of the work internal audit performs, there is a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

Performance Measures

- Complete 90% of the audit plan - 6% relates to assurance work completed in the period.
- 100% Draft reports issued within 6 weeks of start date - 0% (No Audits completed)
- 100% Closure meetings conducted within 5 days of completion of audit work – 0% (No Audits completed)
- 100% draft reports to be issued within 10 working days of closure meeting – 100%
- 100% of all high priority actions are implemented at follow up – 100%
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – 100%
- Achieve an average customer satisfaction score of 4 or more – **None returned**

Appendix 01: Summary of Internal Audit Work Undertaken

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Council Tax	Risk based review covering the adequacy and effectiveness of controls around the maintenance of systems, billing, discounts and reliefs, collection, refunds and write offs.	Q2		
	Payroll	Risk based review to ensure controls in place for the timely and accurate payment of salaries and subsistence allowances to staff and members. To include, new starters, leavers, accounting for tax and deductions.	Q3		
	Housing Rents	Risk based review of housing rents system to ensure correct rent charged, payments recorded, rent accounting systems are accurate. Controls in place for the setting up of rent debit.	Q3		
	Business Grants	Risk based review grants allocated to businesses to ensure compliance with award criteria and accurate/robust payment systems in place and operating. Proactive assessment processes in place prior to grant award. Robust processes in place for the repayment and recovery of grants.	Q1		
Strategic & Operational Risks	Cemeteries	Risk based review of the cemetery operations to ensure compliance with Health & Safety requirements, together with overall management controls of the service.	Q1-Q4	Draft Report	
	Recovery and Reset	Programme assurance based review of Recovery and Reset programme. Programme assurance includes programme planning, governance structure and controls, delivery,	Q3		

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.			
	Future High Street Fund	Programme assurance review (as recovery and rest above) of progression towards transformation of the town centre following the £21.65m allocation of Future High Street Funding.	Q3		
	Housing White Paper – follow up	Risk based review of organisation implementation for new regulatory inspection regime.	Q3		
	Climate Change	Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.	Q1		
	Income Management	Risk based review of the Council's controls around the management of income throughout the Council is ensure that this collected in a robust manner that accounts for monies received.	Q4		
	Project Management	Programme assurance based review of Council's Project Management systems. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.	Q3		
	Landlord Health & Safety	Compliance review to ensure that the Council maintains compliance	Q1	In progress	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		with relevant H&S legislation as it affects; asbestos, lifts, fire assessments and general H&S within housing stock – electrical/gas.			
	Events Management	Risk based review looking at key aspects of the council's operations in relation to the management of events, to include; bidding for external events, management of internal events.	Q2		
ICT	Web Portals	ICT review of the development and management of web portals to ensure that this is developed and rolled out in a consistent and managed manner. To ensure that web portals do not place Council systems at risk. Web Portal management is maintained and regularly updated.	Q2-Q4		
	GDPR	A risk based review to ensure compliance with GDPR legislation across the authority.	Q2-Q4		
	Disabled Facilities Grant	Assurance Statement	Q3		
	Municipal Charities	Preparation of municipal charities accounts	Q3		
	Pensions	Assurance Statement	Q4		
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4	On-going	
	Annual Governance Statement	Production of the AGS	Q1-Q2		

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Annual Audit Opinion	Production of the Annual Audit Opinion	Q1-Q2		
	Management and Planning	Management, planning and assurance reporting to CMT and Audit & Governance Committee	Q1-Q4	On-going	
	Ad-hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer	Q1-Q4	On-going	
	IA QAIP and PSIAS	Review of PSIAS standards and review	Q3		
Additional Assurance Reviews requested by management	Protect and Vaccinate	Assurance review to enable sign off by the Chief Executive and S151 Officer		Complete	
	Test and Trace	Assurance review to enable sign off by the Chief Executive		Complete	
21/22 Planned Audits finalised	NNDR	Risk based review of NNDR including assurance over the adequacy of controls around the maintenance of systems recording taxable properties and liable persons, billing, discounts and reliefs, collection, refunds and write offs.		<p>Controls were in place to mitigate against key risks. The Academy System maintains a record for each account of the total amount of income due to be received based on the rateable value of the property and any discounts/exemption if applicable. In addition it maintains a record of all transactions relating to bills issued, refunds made and income received, including if any reminder letters have been sent or summons issued. Sample testing relating to discounts/exemptions, refunds and arrears was conducted. In all cases appropriate documentation had been maintained to support the transactions and, where appropriate, action relating to arrears had occurred.</p> <p>A reconciliation of daily NDR income received is conducted between the Academy System and the Aims System. A sample of 10 daily reconciliations were reviewed. In all cases any discrepancy had been investigated and the reason for the discrepancy noted. In addition a monthly reconciliation of NDR Income received is carried out</p>	 <p>H-0 M-0 L-2</p> <p>Substantial Assurance</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>between the Academy system and the General Ledger. Four reconciliations were reviewed and in all cases no differences had been noted and all the reconciliations had been appropriately completed and authorised.</p> <p>In addition, reconciliations of the total Rateable Value are carried out between the Academy system and Valuation Office listings and reconciliation details are appropriately maintained. For a sample of 5 VO lists there were no discrepancies identified. A secondary check had also been conducted for all cases where there had been a change in the Rateable Value compared to the previous list.</p> <p>As per the previous audit report five recommendations had been made, out of which two were not agreed. For the three that had been agreed, it was confirmed that two had been actioned. However, one relating to periodic reviews of discounts applied had not been actioned and therefore the recommendation has been reiterated.</p> <p>It was also noted that no current year write offs had been processed and an appropriate recommendation has been made.</p>	
	Assets and Inventory	Risk based review covering the adequacy and effectiveness of controls regarding the Council's assets and inventory.		<p>The audit was completed on five service areas (Sheltered Housing, Marmion House/Town Hall, TEC, Castle and IT). Information was not provided to the auditor for the Assembly Rooms, Street Scene and Leisure.</p> <p>The asset and inventory system is designed well with controls in place to mitigate against the risks. Assurance can be given that the design of controls is adequate and the controls were found to be operating effectively.</p>	 <p>H-0 M-4 L-2</p> <p>Reasonable Assurance</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>The requirements of managing assets and inventory is noted in the Council's Financial Guidance Section C 11.</p> <p>Service areas maintain records of equipment required to carry out their functions. The Council Asset Register is maintained in the Asset Manager system and access is restricted to Finance. The Asset Register is updated annually, service areas update their inventories at the time of any additions or disposals.</p> <p>The Council Asset Register is maintained by the Assistant Director – Finance and is updated once a year as part of the Final accounts process although other registers such as Insurance Register are updated as and when necessary throughout the year. Again, as part of final accounts process asset users are asked to verify that they still have and use the assets allocated to them. All responses from managers are collated by the Assistant Director Finance</p> <p>Property is secured when not in use as appropriate, locked rooms, CCTV, alarm systems, keys locked in secure cabinets. IT equipment is tagged with pre-printed numbered tags that cannot be easily removed.</p> <p>Some areas for improvement were identified. Inventory records are not fully completed and lack detail as required in the Financial Guidance. The IT Asset Register did not include detail of the employee allocated the equipment. The replacement of equipment is not reflected as a disposal / addition to the record. There was no</p>	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>evidence to confirm that an annual verification of inventory had been completed. Inventories are not consistently security marked.</p> <p>Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	
Follow Up of No and Limited Assurance Opinion Audits					

Appendix 02: Assurance and Recommendation Classifications

Overall Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Recommendation Priority	Definition
High	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
Medium	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
Low (Housekeeping)	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency of further reduce the organisation's exposure to risk.

Appendix 03: Outstanding Audit Recommendations

As requested by this committee at its last meeting on 8 June 2022, a table has been included showing the total number of outstanding audit recommendations, over time.

Overall, there has been an improvement in the total number of outstanding audit recommendations at the end of each quarter. This has reduced from a total of 375 outstanding actions to the current number of 60 as at 30 June 2022. It should be noted that the movement of audit recommendations does vary as when audits are completed this increases the number of actions. Over time however the number of outstanding actions will decrease as recommendations are completed and reported by management.

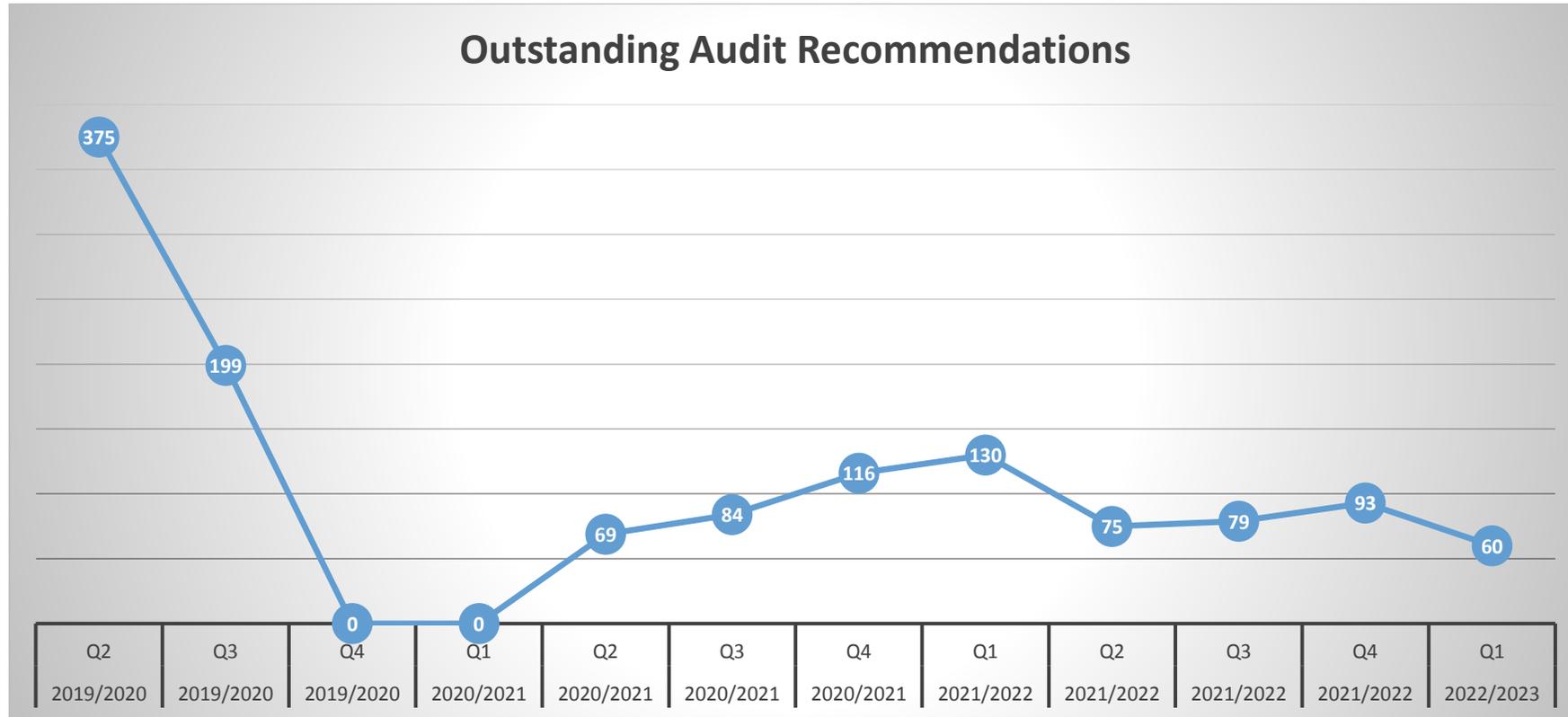
At the end of Quarter 4 2019/2020 a new approach was agreed with this committee in relation to the follow up of audit recommendations and the reporting of these figures to committee. During this time the number of outstanding recommendations was not reported to management as this approach was defined, agreed and approved by Audit & Governance Committee in June 2021.

Prior to June 2021 work was undertaken to reduce the number of outstanding actions and since June 2021 this has includes one to one meetings with management to discuss progress of each audit recommendation. Additionally at the conclusion of each audit, we discuss with management, their proposed action plan to ensure that implementation is both timely and realistic.

Financial Year	Quarter	No of Outstanding Recommendations	Comments
2019/2020	Q2	375	No analysis available
	Q3	199	101 high recs & 98 medium recs
	Q4	No data	New approach agreed to provide details to Audit & Governance Committee, see table below.
2020/2021	Q1	No data	See above regarding new approach
	Q2	69	
	Q3	84	
	Q4	116	
2021/2022	Q1	130	
	Q2	75	
	Q3	79	
	Q4	93	
2022/2023	Q1	60	

The above details from Q2 2019/20 is shown in the attached graph;

Outstanding Audit Recommendations



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To inform the process I have included a table below outlining the number of outstanding actions whether High, Medium or Low Priority.

Below is a table showing the number of recommendations in each assurance level.

Financial Year	Quarter	No of Outstanding Recommendations	No of High Recs	No of Medium Recs	No of Low recs
2019/2020	Q2	375			
	Q3	199	101	98	NIL
	Q4				
2020/2021	Q1				
	Q2	69	31	34	4
	Q3	84	30	40	14

	Q4	116	34	62	20
2021/2022	Q1	130	34	74	22
	Q2	75	24	39	12
	Q3	79	25	46	8
	Q4	93	24	51	18
2022/2023	Q1	60	14	35	11

Wednesday, 10 August 2022

Report of the Audit Manager

Independent Member Update

Exempt Information

None.

Purpose

To provide an update to Committee in relation to the potential appointment of an Independent Member(s) to Committee.

Recommendations

Consider and ratify the approach to be taken in respect of appointing an Independent Member to the Committee following resolution of questions raised by Committee.

Executive Summary

At this Committee's meeting on 10 February 2022 and 22 March 2022, this item was deferred from the agenda to allow consideration of the next steps and the answering of questions raised by this Committee. The questions raised and answers provided to the committee are outlined below and were communicated to Audit & Governance Committee members via email in July 2022, a summary of which follows;

- The Rehabilitation of Offenders Act should apply;
- Significant business dealings, the independent member must not have any contractual relationship with the council during the previous 3 years, prior to application, or must not be seeking any type of commission with the authority for the term of the appointment.
- All interests would need to be declared and due to the nature of the role, as an independent member, the successful candidate would need to be able to show and demonstrate this independence and transparency. Any independent member would also be required to comply with our code of conduct.
- It was agreed that we would include a line about 'do you have any relationships that could give rise to a conflict of interest.' To support this further we would reinforce this within the recruitment process to include 'declaration of interests and activity within community, political and voluntary environments'.
- 'Under the Localism Act, Section 28 – a person may not be appointed unless the person's appointment has been fully approved by a majority of the members of the authority. The constitution details that full council will appoint the independent person. The Constitution (2.8.3) details the Audit & Governance Committee may co-opt up to two independent (non elected) non-voting persons as and when it deems

appropriate, for a period or periods it may determine'. On this basis it is suggested that it is reasonable for the Audit & Governance Committee to act as the recruitment panel with additional support from Officers.

Further information has also been received in respect of the CIPFA's Position Statement on Audit Committees and this is contained within **Appendix 1** of this report and replaces the 2018 edition. As part of having an independent and effective model, CIPFA makes the following observations;

- The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation; and
- Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

As Audit & Governance Committee are aware we conduct regular Audit Committee training and annual review the effectiveness of the committee, this was last reported to this committee in February 2022, as part of this review CIPFA recommends that it should consider the overall knowledge and expertise of the existing members of the committee.

The Audit & Governance Committee's current terms of reference provides for at least seven members (aligned with the political balance of the Council) and the option to co-opt up to 2 independent members.

In terms of the voting rights of independent members, there needs to be regard to Section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. Where the audit committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members of the committee should be able to vote on that recommendation. As Full council currently delegates decisions to the committee, for example the adoption of the financial statements, then the independent member will not be able to vote on those matters for decision.

An updated roadmap, previously reported in March 2022 is shown below;

Roadmap	Indicative Timeline
Role profile for independent member to be drawn up and agreed. Committee to agree the recruitment process and number of independent members required (up to 2).	September 2022
Vacancy to be publicly advertised. Candidates to be able to demonstrate their political independence and their suitability has to be checked e.g., candidates must not; <ul style="list-style-type: none"> • be a Councillor or officer of the Council or have been so in the preceding five years prior to appointment; • be related to, or a close friend of, any Councillor or officer of the Council, that would include 'do you have any relationships that could give rise to a conflict of interest'; • have been convicted of any offence taking into account the Rehabilitation of Offenders Act. The Council has the right to DBS check any independent committee members; • be an undischarged bankrupt; • have significant business dealings with the Council which includes that the independent member must not have any contractual relationship with the council during the previous 3 years, prior to application, or must not be seeking any type of commission with the authority for the term of the appointment; • have a formal connection with any political group; 	Oct/Nov 2022

<ul style="list-style-type: none"> • have a proven history of vexatious and/or frivolous complaints against the Council; • be the holder of a significant office in an organisation being grant aided/supported by the Council. 	
Selection process to take place	December 2022
Independent member/s appointed. This should be for a fixed term (usually 3 years) and be formally approved by the Council. Provision to be made for early termination and extension to avoid lack of clarity in the future.	Jan/Feb 2023
Independent member/s commence. While operating as a member of the audit committee, the independent member/s would be required to follow the same code of conduct as elected members and a register of interests maintained.	March 2023

Options Considered

Previously considered and agreed to implement Independent Member at Audit & Governance Committee on 23 July 2020 and 22 February 2022.

Resource Implications

It is envisaged that the Independent Member role is not remunerated. However this decision may need to be revisited dependent upon the interest shown and results of the application process.

Legal/Risk Implications Background

None currently.

Equalities Implications

None.

Environment and Sustainability Implications (including climate change)

None.

Background Information

Audit & Governance Committee 23 July 2020, Pros and Cons of Independent Members.
Audit Committee Effectiveness 10 February 2022

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List of Background Papers

Appendices

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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ROLLING AUDIT & GOVERNANACE TIMETABLE OF PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE

	Report	Committee Date	Report Of	Comments
1	Audit & Governance Committee update	10 August 2022	Grant Thornton	
2	Risk Management Quarterly Update	10 August 2022	Assistant Director – Finance	
3	Internal Audit Quarterly Update	10 August 2022	Audit Manager	
4	Independent Member Update	10 August 2022	Audit Manager	
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	Private meeting of Internal and External Auditors and Committee members	10 August 2022		
1	Audit & Governance Committee update	28 September 2022	Grant Thornton	
2	Audit Findings	28 September 2022	Grant Thornton	
3	Management Representation Letter	28 September 2022	Grant Thornton	
4	Annual Statement of Accounts	28 September	Executive Director	

	Report	Committee Date	Report Of	Comments
		2022	Finance	
5	Annual Treasury Outturn	28 September 2022	Executive Director Finance	<i>Could be moved to October if required</i>
6	Councillor Code of Conduct – following finalisation of LGA new Model Code	28 September 2022	Monitoring Officer	<i>September meeting selected to allow time for all Member briefing session in August</i>
7	Review of the Constitution and Scheme of Delegation for Officers	28 September 2022	Monitoring Officer	
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1	Audit & Governance Committee update	27 October 2022	Grant Thornton	
2	Internal Audit Quarterly Update	27 October 2022	Audit Manager	
3	Risk Management Quarterly Update	27 October 2022	Assistant Director – Finance	
4	Counter Fraud Update	27 October 2022	Audit Manager	
6	Review of Financial Guidance	27 October 2022	Assistant Director Finance	
7	Local Government Ombudsman’s Annual	27 October 2022	Assistant Director –	

	Report	Committee Date	Report Of	Comments
	Review and Report 2021/22		People	
8	Modern Slavery and Human Trafficking Statement	27 October 2022	Assistant Director – Partnerships	
1	Audit & Governance Committee update	9 February 2023	Grant Thornton	
2	Auditor’s Annual Report	9 February 2023	Grant Thornton	
3	Internal Audit Quarterly Update	9 February 2023	Audit Manager	
4	Risk Management Quarterly Update	9 February 2023	Assistant Director – Finance	
5	Audit Committee Effectiveness	9 February 2023	Audit Manager	
1	Audit and Governance Committee update	22 March 2023	Grant Thornton	
2	Internal Audit Charter and Audit Plan	22 March 2023	Audit Manager	
3	Review of the Constitution and Scheme of Delegation for Officers	22 March 2023	Monitoring Officer	<i>Annual review in March from 2023 onwards</i>

	Report	Committee Date	Report Of	Comments
4	Informing the Audit Risk Assessment	22 March 2023	Grant Thornton	<i>March or April (ideally March)</i>
5	Review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report	22 March 2023	Executive Director Finance	<i>March or April (ideally March)</i>
6	Final Accounts – Accounting Policies and Action Plan	22 March 2023	Assistant Director of Finance	<i>March or April (ideally March)</i>
Page 60	Private meeting of Internal and External Auditors and Committee members	March		
1	Audit & Governance Committee update	20 April 2023	Grant Thornton	
2.	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	20 April 2023		
3.	Annual Report of the Chair of Audit & Governance Committee	20 April 2023	Audit Manager / Chair	
4	Review of Financial Guidance	20 April 2023	Assistant Director	From 2023 onwards to be considered in

	Report	Committee Date	Report Of	Comments
			Finance	April each year.
5	Councillor Code of Conduct	20 April 2023	Monitoring Officer	<i>Annual refresh</i>

1	Audit & Governance Committee update	[late] June 2023	Grant Thornton	
2	External Audit Plan	[late] June 2023	Grant Thornton	
3	Internal Audit Annual Report and Quarterly Update	[late] June 2023	Audit Manager	
4	Annual Governance Statement and Code of Corporate Governance	[late] June 2023	Chief Executive	
5	Risk Management Quarterly Update	[late] June 2023	Assistant Director, Finance	
6	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	[late] June 2023	Audit Manager	Could be moved to August 2023

	<i>Regulation of Investigatory Powers Act (RIPA) Annual Report & Review of the RIPA Policy</i>	<i>September 2023</i>	<i>Assistant Directors, Partnerships</i>	<i>Agreed that this be moved to September 2023.</i>
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Note: It is proposed that training on the role of the Audit Committee from the external auditors and training on the role of internal audit to take place in early June outside of the Committee meeting as part of the annual Member Training programme.

The Portfolio Holder for Finance, Risk and Customer Services

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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