

**Notice of Meeting**

**AUDIT AND STANDARDS COMMITTEE**

**Monday, 7 March 2022 - 7:00 pm**  
**Council Chamber, Town Hall, Barking**

**Members:** Cllr Princess Bright (Chair); Cllr Adegboyega Oluwole (Deputy Chair); Cllr Dorothy Akwaboah, Cllr Simon Bremner, Cllr Josie Channer, Cllr Irma Freeborn, Cllr Mohammed Khan and Cllr Giasuddin Miah

**By Invitation:** Cllr Dominic Twomey, Lisa Clampin, Suzi Wiseman, Satinder Jas and Ross Beard

Date of publication: 27 February

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Chief Executive

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**AGENDA**

- 1. Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes - To confirm as correct the minutes of the meeting held on 19 May 2021 (Pages 3 - 7)**
- 4. Minutes - To confirm as correct the minutes of the meeting held on 12 July 2021 (Pages 9 - 12)**
- 5. Minutes - To confirm as correct the minutes of the meeting held on 28 September 2021 (Pages 13 - 16)**
- 6. Minutes - To confirm as correct the minutes of the meeting held on 31 January 2022 (Pages 17 - 22)**
- 7. Accounts Audit Update - 2019/20 (Pages 23 - 25)**

8. **Corporate Risk Register Update (Pages 27 - 34)**
9. **Standards Complaints update (Pages 35 - 37)**
10. **Work Programme 2022-2023 (Pages 39 - 40)**
11. **Any other public items which the Chair decides are urgent**
12. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted**

#### **Private Business**

The public and press have a legal right to attend Council meetings such as the Audit and Standards Committee, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended). ***There are no such items at the time of preparing this agenda.***

13. **Any other confidential or exempt items which the Chair decides are urgent**

## Our Vision for Barking and Dagenham

# **ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND**

## Our Priorities

### **Participation and Engagement**

- To collaboratively build the foundations, platforms and networks that enable greater participation by:
  - Building capacity in and with the social sector to improve cross-sector collaboration
  - Developing opportunities to meaningfully participate across the Borough to improve individual agency and social networks
  - Facilitating democratic participation to create a more engaged, trusted and responsive democracy
- To design relational practices into the Council's activity and to focus that activity on the root causes of poverty and deprivation by:
  - Embedding our participatory principles across the Council's activity
  - Focusing our participatory activity on some of the root causes of poverty

### **Prevention, Independence and Resilience**

- Working together with partners to deliver improved outcomes for children, families and adults
- Providing safe, innovative, strength-based and sustainable practice in all preventative and statutory services
- Every child gets the best start in life
- All children can attend and achieve in inclusive, good quality local schools
- More young people are supported to achieve success in adulthood through higher, further education and access to employment
- More children and young people in care find permanent, safe and stable homes
- All care leavers can access a good, enhanced local offer that meets their health, education, housing and employment needs
- Young people and vulnerable adults are safeguarded in the context of their families, peers, schools and communities

- Our children, young people, and their communities' benefit from a whole systems approach to tackling the impact of knife crime
- Zero tolerance to domestic abuse drives local action that tackles underlying causes, challenges perpetrators and empowers survivors
- All residents with a disability can access from birth, transition to, and in adulthood support that is seamless, personalised and enables them to thrive and contribute to their communities. Families with children who have Special Educational Needs or Disabilities (SEND) can access a good local offer in their communities that enables them independence and to live their lives to the full
- Children, young people and adults can better access social, emotional and mental wellbeing support - including loneliness reduction - in their communities
- All vulnerable adults are supported to access good quality, sustainable care that enables safety, independence, choice and control
- All vulnerable older people can access timely, purposeful integrated care in their communities that helps keep them safe and independent for longer, and in their own homes
- Effective use of public health interventions to reduce health inequalities

## **Inclusive Growth**

- Homes: For local people and other working Londoners
- Jobs: A thriving and inclusive local economy
- Places: Aspirational and resilient places
- Environment: Becoming the green capital of the capital

## **Well Run Organisation**

- Delivers value for money for the taxpayer
- Employs capable and values-driven staff, demonstrating excellent people management
- Enables democratic participation, works relationally and is transparent
- Puts the customer at the heart of what it does
- Is equipped and has the capability to deliver its vision

## **MINUTES OF AUDIT AND STANDARDS COMMITTEE**

Wednesday, 19 May 2021  
(7:00 - 8:15 pm)

**Present:** Cllr Princess Bright (Chair), Cllr Josie Channer, Cllr Irma Freeborn, Cllr Mohammed Khan and Cllr Giasuddin Miah

**Also Present:** Cllr Fatuma Nalule, Cllr Dominic Twomey, Lisa Clampin, Satinder Jas and Ross Beard

### **1. Declarations of Interest**

There were no declarations of interest.

### **2. Minutes (18 January 2021)**

The minutes of the meeting held on 18 January 2021 were noted.

### **3. Accounting Policies for the 2020/21 & 2021/22 Statement of Accounts**

The Chief Accountant (CA) provided an overview of the report. The only significant change in the policy was the capitalisation of interest, to help reduce the strain on the Council's budget, which was fully compliant with accounting codes.

The Chair asked for an overview of the estimation techniques and key judgements used in the preparation of the Council's accounts. The CA responded that there was a disclosure note linked to the critical judgements in relation to estimation techniques, particularly in regard to PPE. In relation to assets, disclosure notes referred to values of assets and assumptions surrounding the value.

The Committee endorsed the Accounting Policies for the 2020/21 and 2021/22 Statement of Accounts.

### **4. Audit Completion Report (ISA260) for 2019/20 Account**

There were no papers for this item and a verbal update was given. BDO representatives disclosed that approximately 75% of the audit had been completed and whilst progress had been made, there had been challenges. However, completion of the audit was a major priority.

In response to questioning from the Chair, BDO stated that they intended to return to the audit in July 2021, following the completion of NHS audits, and to complete the audit by August 2021.

The Committee noted the update.

### **5. Lessons learnt from the 2018/19 Accounts Audit**

The Finance Director (FD) presented a report on the joint 'lessons learned' review by BDO and the Council to understand why the 2018/19 audit was significantly

delayed.

BDO had recommended that a Root Cause Analysis be undertaken. A structured review, overseen by an external facilitator to avoid bias from the Council and BDO, was carried out and the issues identified included:

- The Audit and Standards Committee had not confirmed their acceptance of the uncorrected misstatements that had been identified in the Audit;
- BDO were unable to get technical clearance from the Technical Standards Group;
- BDO was unable to obtain the level of assurance required; and
- The Audit Plan requirements could not be met.

90 potential solutions had been identified and 68 had been taken forward, of which 42 had already been implemented. A schedule to implement the outstanding actions had been drawn up, including a target implementation date and there were clear lines of responsibility in terms of ownership. 22 actions were rejected mainly due to duplication or that the action proposed was substantially covered by another action.

The Chair sought clarification on the role of the Committee in relation to the delay to the Audit. The FD indicated that more regular meetings with the Chair and other Committee members may have assisted in reducing or avoiding delays. This was related to wider communication issues.

The challenge going forward was to ensure that actions were implemented but also evolved with regulations and requirements as regular Root Cause Analysis would be unrealistic.

The Cabinet Member for Finance, Performance and Core Services noted that there had been resource issues in addition to communication-related issues. In relation to the effectiveness of the agreed actions, he emphasised that next year's audit would be the litmus test.

The FD cautioned that audits were subject to external issues such as available auditors and the requirements of the regulator. Therefore, audits may take longer than in previous years despite the implementation of the actions.

BDO had introduced a new tool that enabled the sharing of working papers and where progress could be updated in real time. The pandemic had imposed limits on the audit as auditors could not visit the Town Hall. As remote working would continue post Covid-19, it would create challenges in auditing going forward.

Regarding complexity, the FD explained that the group accounts process had been reviewed including subsidiaries. The FD stated that, initially, insufficient information was given to BDO on the resources required to audit the Council and its subsidiaries. Both BDO and the Council had now provided additional resources and BDO confirmed that it would ensure that the same staff members would be working on the Council's audit each year for continuity purposes.

The Committee noted the report.

## **6. Internal Audit Q3 Report**

The Head of Assurance (HoA) updated the Committee on activities for the period up to 31 December 2020.

The risk and compliance audit plan had two new audits added in Q3 and two removed. The two added plans were a Landlord Compliance Review within Reside and a review of the Targeted Early Help Service within the Council.

The Landlord Compliance Review had been requested by Reside management who would fund the audit to be undertaken by PWC, so it would not impact on resources within the Council. However, additional assurance would be gained by the Council in relation to compliance with landlord responsibilities.

The Targeted Early Help Service audit had been requested by the relevant Cabinet Member and supported by the relevant Director following a recent inspection of the service by OFSTED. The HoA had provided independent management oversight of an assurance exercise.

The HoA further advised that:

- 39% of risk and compliance audits were at the draft stage;
- 62% of school audits were at the draft stage;
- 13 Internal Audit Reports had been issued during Q3 and four related to schools.
- Three of these internal audit reports were awarded limited assurance.

There were two high risk overdue actions related to Right to Buy due to work being delayed pending a service review. The review had now been completed and, as a consequence, a recruitment drive had been undertaken and compensating controls had been implemented, with the involvement of Legal Services.

The Committee noted the update.

## **7. Approval of Internal Audit Charter, Strategy & Plan 2021/22**

The HoA introduced the report and advised that the Charter, Strategy and Plan had been developed in accordance with Public Sector Internal Audit Standards.

The Charter had been updated to reflect current reporting lines and additional measures that had been put in place for internal audits where the HoA had strategic control.

The Strategy detailed how internal audit services would be delivered in accordance with the Charter and related to operational factors such as resources and approach to preparation.

Non-audit areas that came under the responsibility of the HoA would also be reviewed. The Internal Audit Manager, who was independent of the non-audit areas of the Assurance team, would oversee those aspects in order to avoid conflicts of interest. The Head of Assurance would not be involved.

The Committee endorsed the Internal Audit Charter, Strategy and Plan as set out in the appendices to the report.

## **8. Counter Fraud 20/21 Q3 Review**

The HoA updated the Committee on counter fraud activities up to 31 December 2020.

It was noted that the COVID-19 pandemic had created a challenge as much of the work had previously involved face-to-face interaction and meeting colleagues and members of the public. However, the Counter Fraud Team had overcome those challenges and stepped up the pace of remote investigations.

The HoA drew the Committee's attention to the successes against housing-related fraud, highlighting that 26 homes that had been inhabited by ineligible persons had been returned to the Council's housing stock. The Council also recovered circa £66,000 in fraudulent payments.

The Committee noted the report.

## **9. Information Governance Annual Report**

The Head of Customer Contact (HCC) gave the Committee an overview of her report, which covered data from 2020.

The report provided insight by the Customer Feedback Team on subject access requests, complaints, Members' casework and Freedom of Information requests. The report measured the performance of those services against their targets.

Service disruption due to COVID-19 had impacted on performance, with the HCC highlighting the closure of Leisure Centres and the suspension of all non-emergency repairs. The HCC also advised that:

- Complaints declined by 17%;
- 77% of complaints were responded to within the target timescale;
- 82% of Members' enquiries were responded to within the target timescale;
- 49% of complaints were upheld, of which 21% were related to waste collection;
- 5% of complaints warranted a Stage 2 review which was a year-on-year increase;
- Of 15 cases that went to the Housing Ombudsman, 13 were upheld.

Following questioning by the Committee, the HCC stated that meetings were held with stakeholders to address the issues raised in the report.

The Committee noted the report.

## **10. Standards Complaints update**

The Head of Law gave an update on the outstanding complaint against a Member alleging a breach of the Council's Code of Conduct.

The Committee noted the update.

## **11. Work Programme 2021/22**

Members noted the current work programme for the Committee and asked the Chair and officers to liaise with BDO representatives regarding the rescheduling of the Audit Completion Report, which BDO advised was unlikely to be completed by July 2021.

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## MINUTES OF THE INFORMAL AUDIT AND STANDARDS COMMITTEE

Monday, 12 July 2021  
(7:00 - 7:30 pm)

**Present:** Cllr Princess Bright (Chair), Cllr Adegboyega Oluwole (Deputy Chair), Cllr Simon Bremner, Cllr Josie Channer, Cllr Mohammed Khan and Cllr Giasuddin Miah

**Also Present:** Stephen Warren and Cllr Dorothy Akwaboah

**Apologies:** Cllr Dominic Twomey

### 12. Declarations of Interest

There were no declarations of interest.

### 13. Minutes (19 May 2021)

The minutes of the meeting held on 19 May 2021 were noted.

### 14. Internal Audit Annual Report 2020/21

The Head of Assurance (HoA) gave an update on the activities of the internal audit team over the period 2020-21. The Committee agreed, in April 2020, to an internal audit plan of 50 audits and the HoA confirmed that 44 audits had been undertaken. The HoA stressed that this did not mean that the internal audit team had done less work than had been agreed and that the total number of audit days were maintained as agreed in the plan.

The HoA, as the Council's Chief audit executive, was required to give an overall opinion on the Council's internal control systems. The HoA's assessment was that the Council's internal audit systems were generally satisfactory with some improvements required.

Internal Audit was entirely risk-based meaning that work was focused on areas of highest risk. This meant that some planned audits were removed from the plan and others added as the year progressed. The HoA added that Covid-19 affected the plans highlighting the cancellation of the audit on Barking market as it had changed its way of working. Additional days were added to some audits to ensure that the scope was sufficiently covered.

In regard to the outcome of the audits, the HoA disclosed that eight 'limited assurance' reports and one 'no assurance' report had been issued. Whilst the other reports had been presented to the Committee as part of the quarterly updates, the 'no assurance' report had not yet been considered by the Committee as it was undertaken in Q4 and this paper included first sight of any work undertaken during Q4.

The 'no assurance' report related to Targeted Early Help. The report was commissioned by the Cabinet Member for Children's Services and was undertaken

by an independent expert who was commissioned by Children's Services but was overseen by the HoA.

As a result of the 'no assurance' designation, an action plan had been drawn up and agreed by the Cabinet Member for Children's Services and progress would be reported to the corporate assurance group as well as to the Committee.

Two high risk actions relating to Right to Buy and Sales Leasing were overdue, though these related to the 2019-20 internal audit. A recruitment process was underway, and it was expected that appointments would be made in July 2021 that would enable these actions to be closed.

The Chair sought clarification on the action plan relating to Targeted Early Learning in relation to deadlines for implementation and the role of HoA in enforcing them.

The HoA responded that his report highlighted the high level actions and these were connected to action plans setting out how Children's Services will implement them. The HoA clarified that he did not have any operational responsibility as this lies with Children's Services. The HoA's role would be to independently verify and gain assurance that the action plan was being properly implemented.

In response to the two high risk actions that were overdue the Chair, noting that the action plan was agreed in January 2020, asked why what action had been taken to ensure the timely implementation.

The HoA clarified that, from the standpoint of assurance, an assessment of whether management can or will implement the actions is undertaken and if it is found that they can, compensating controls are implemented until such time as the action is closed.

In the case of Right to Buy and Sales Leasing, the HoA explained that the compensating control was to get support from Legal Services who undertook a wider service review. This was disrupted by Covid-19. Now that the review was complete, the recruitment process had begun. The purpose of assurance during this time was to ensure that sufficient safeguards were in place whilst the review was being undertaken.

The Chair discussed the audit undertaken of Manor Junior School. The Chair expressed concern at the number of issues highlighted as medium risks. The HoA responded that the school had an action plan to address the medium risks and a full audit would be undertaken to ensure that the action plan is implemented.

The Committee noted the report.

## **15. Counter Fraud Annual Report 2020/21**

The HOA updated the Committee on the work of the Internal Audit team in detecting and preventing fraud in 2020-21. For reporting purposes, counter fraud is divided into housing fraud and all non-housing related fraud is reported under corporate fraud.

In terms of corporate fraud, there were fewer referrals though Q4 did see an increase. Among work undertaken included support work with the Business Rates Team relating to Covid-19 grants to businesses ensuring that only businesses that were entitled received the grant. Support work was also undertaken with the Care and Support Team in relation to Direct Payments to ensure that residents who receive such payments use them as intended.

In relation to housing fraud, the HoA disclosed that there had been fewer referrals in the first three quarters though referrals increased in Q4. Five council properties were recovered from tenants who were not entitled to them and saving the Council circa £500k in fraudulent benefit payments.

Detecting housing benefit fraud requires staff to visit tenants and residents and the HoA confirmed that such visits had been reinstated following a Covid-19 risk assessment.

The Committee noted the report.

## **16. Complaints Update**

The Senior Lawyer for Governance and Corporate Standards updated the Committee.

There was one outstanding complaint against a councillor that was under investigation. It was hoped that the matter could be resolved soon however the Councillor in question has been suffering from ill health and the Covid-19 related lockdown had also affected the investigation.

No complaints had been received in relation to any other councillor.

The Committee noted the update.

## **17. Work Programme 2021/22**

The Committee noted the work programme for 2021-22

## **18. Any other public items that the Chair decides as urgent**

The Chair noted that, at the last meeting, BDO indicated that the Audit had been paused until the end of July 2021. Therefore, the Audit Completion Report was not included as an item for this meeting.

However, the Chair informed the Committee that issues had emerged in relation to the Audit and that she would be taking these as an urgent item.

The Chair disclosed that owing to the outstanding 2018-19 Housing Benefits Audit, the Council had 5% of July Housing Benefits payment withheld by the Government. This amounted to circa £357k. The Chair added that if the audit was not completed by 31 July 2021 there will be a further 10% deduction in August. Whilst the Council would receive all of the withheld funds once the audit was completed, given the potential cashflow issues, the Chair asked that BDO update

the Committee in relation to the audit.

In relation to the 2019-20 audits, the Chair noted that work was restarting from 12 July on the single entity, group accounts, and pension fund accounts. The Chair asked if BDO could provide a target date for completion noting that the 2019-20 housing benefit audit would begin only when the 2018-19 audit was complete.

In relation to the 2020-21 audits, a timetable for the completion of this work was due to be provided by BDO. However, the Chair, noting that the Council was in the process of moving away from the Oracle finance system to E5 financials with a go-live date of 1 December 2021, expressed concern that if the audit was not completed before then, then work may be duplicated across two systems which could delay the audit. The Chair highlighted that this could potentially affect the ability of the Council to meet the statutory deadline for completion of the Council's audit. The deadline for completion was 30 November 2021. The Committee was also informed that the statutory deadline to file accounts for the Council's subsidiary companies was 31 December 2021.

The BDO Representative responded that, in relation to the 2018-19 Housing Benefits Audit, work had restarted on 12 July. An error had been identified and additional testing was being undertaken. Once this had been resolved, the audit will be completed.

Work had also restarted on the single entity accounts, group entity accounts and pension fund accounts for 2019-10 and it was intended that these would be completed by 31 August 2021.

In response to questioning from the Finance Director, the BDO representative assured the Committee that the auditing team was sufficiently resourced and there was no indication of any staffing issues that would cause delays.

In relation to the subsidiary audits, the Finance Director informed the Committee that, going forward, there would be two audit teams led by two audit partners which should increase the pace of progress and thus reduce the risk of failing to meet the Companies House deadline.

BDO was finalising deadlines for the 2020-21 Audit and this would be presented to the Committee, as well as management. Discussions were ongoing in relation to the change of the financial IT system, and its potential affect on the audit, including putting in place mechanisms to avoid duplication of work or, where unavoidable, to minimise it.

The Committee noted the update.

## **MINUTES OF INFORMAL AUDIT AND STANDARDS COMMITTEE**

Tuesday, 28 September 2021  
(7:00 - 8:05 pm)

**Present:** Cllr Princess Bright (Chair), Cllr Adegboyega Oluwole (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Simon Bremner, Cllr Josie Channer, Cllr Irma Freeborn, Cllr Mohammed Khan and Cllr Giasuddin Miah

### **19. Declarations of Interest**

The Independent Advisor (IA) disclosed that he was engaged as a consultant to Public Sector Audit Appointments (PSAA), which appoints the Council's external auditor. The IA disclosed that he was advising on the financial evaluation of the forthcoming tender, and the potential impact on the time that will be required as a result of changes in auditing and accounting standards requirements.

The IA assured the Committee that it did not affect Barking and Dagenham Council or the appointment of an external auditor. The Chair agreed that this was not a disqualifying interest and permitted the IA to continue to participate in the meeting.

### **20. Minutes - To note the minutes of the meetings held on 12 July 2021**

The minutes of the meeting held on 12 July were noted.

### **21. Accounts Audit Update - 2019/20**

The Chief Accountant (CA) updated the Committee. The External Audit Report 2019/2020 was due to be presented to the Committee at this meeting, however owing to delays the auditors, BDO, informed the Committee that the report would not be completed in time for the Committee's consideration

The CA acknowledged the Committee's frustration at the slow pace of the audit and regretted that the audit could not be presented.

The CA explained that there had been issues in obtaining documents that BDO requested owing to Covid-19 as it required council staff to book time in the office to obtain the papers. As of 28<sup>th</sup> September, BDO had not reviewed or cleared significant amounts of information that had been submitted to them by the Council. As a result, there may be late follow up questions and additional samples.

The Chief Financial Officer (CFO), noting that the audit covered the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, explained that some of the documents were kept in storage and, following the outbreak of Covid-19 in March 2020 and the initial guidelines restricting access to the town hall, there was no way to access the documents.

Following questioning, the CFO added that, as a result of Covid-19, processes had been changed and documents were now being scanned or were in the process of being scanned and, as a result, there should not be any further delays to the

provision of papers to the auditors in relation to this audit and future audits.

The CA disclosed that the partner and technical review point, that relate to the initial review points of the Councils' accounts, had only been received from BDO on 21<sup>st</sup> September. Normally, this would be provided at the beginning of the audit. However, the CA stressed that they were committed to supporting BDO in completing the audit and had no wish to delay the audit beyond October 2021.

The CA made it clear that the Council's statement of accounts for 2021 need to be audited by 31<sup>st</sup> March 2022 as the new ERP would be implemented. It was intended that the normal audit cycle would be resumed. In order to manage expectations, going forward two meetings per week would be held with auditors to ensure that any issues were quickly identified and remedied.

The Chair expressed concern that she was not promptly informed of the latest delay to the audit. The Chair also recalled that the previous reason given for the delay, during the Summer, was the prioritisation of NHS audits as well as issues with the Council providing documents on a timely basis relating in part to the Covid-19. However, the Chair noted that the CA had indicated that BDO had still not reviewed documents provided by the Council adding that the papers circulated to the Committee were not sufficiently clear on the reasons for the latest delay. The Chair sought clarification on the reason for the pause by auditors.

BDO's representatives responded that a significant amount of work had not been completed by the Council by the time BDO restarted work on the audit. The Representative stated that they had concluded in March 2021 that they had received an insufficient volume of responses to requests for working papers and queries from the Council to complete the audit within the time required before the NHS related pause. Therefore, the audit was rebooked for September/October 2021 and arrangements were made to ensure that the audit team was the same as that prior to the audit.

BDO returned to the audit in September 2021 and, during that time, the CA responded to the queries and working papers that were raised before the pause for the NHS audits. BDO intended to spend the next six to eight weeks processing the information provided by the CA and their representatives said they were committed to completing the report but cautioned that, whilst a report would be submitted to the next meeting of the Committee, it may be an update rather than a completion report. Alternatively, the completion report may still have some outstanding issues which would be addressed in subsequent meetings. BDO representatives said that some information requests were outstanding and that, when provided, would require additional time to respond. BDO representatives cautioned that, though they aimed to complete most of the audit, they could not give a definitive undertaking in relation to deadlines but would endeavour to complete as much of the audit as soon as possible.

Responding to BDO representatives, the CA said that the Committee should assume that it was unlikely that BDO would be able to complete the full report by the next scheduled meeting. The Chair indicated that the meeting scheduled for 20<sup>th</sup> October was to enable the presentation of the report and that if it was not ready by that date it should be rescheduled to early November.

However, BDO would send an update report to Committee members in mid-October if the October meeting was cancelled.

The Committee noted the update.

## **22. Review of Gifts and Hospitality Registers**

The Head of Law (HoL) updated the Committee. A table had been enclosed with the papers setting out gifts and hospitality received and the name of the officers and councillors who received them.

The Chair noted that some names had not been included. The HoL responded that the omissions related to service users and, owing to the privacy provisions of the Human Rights Act, their details could not be placed in a publicly available document.

In response to questioning, the HoL said that it was difficult to attach a monetary value to certain gifts and hospitality, however in such circumstances councillors and officers should consult with the monitoring officer in order to determine an estimate and that gifts and hospitality should be declared as soon as possible. The CFO clarified gifts and hospitality were usually not in cash but were in the form of an invitation/ticket to an event or a physical gift. Offers of cash must be declined and offers of hospitality must be linked to Council business and/or the wellbeing of the community. The HoL and CFO said that if councillors were in doubt, they should err on the side of caution and declare it or speak to the monitoring officer.

The Committee noted the report.

## **23. Standards Complaints update**

The HoL updated the Committee.

There was one complaint outstanding and the councillor in question was unwell. The investigation was continuing in consideration of this.

In response to questioning, the HoL disclosed that the monitoring officer provided an update in April 2021 on how complaints could be moved forward but this related to new complaints as opposed to existing ones.

The Chair clarified that, owing to the need for confidentiality, information sharing was restricted but stated that, given the need for oversight, more information needed to be shared with the Committee, however the Chair would speak to the monitoring officer to discuss how to balance the Committee's need to know with the need to safeguard confidentiality.

The Committee requested clarification on the type of the complaints were dealt with by the monitoring officer and those referred to the Committee. The HoL added that the monitoring officer had sent out an email to all members explaining the extent of the information that could and could not be sent out and the HoL offered to meet with Committee members should they require further information. The HoL would re-circulate the monitoring officer's email.

The Committee noted the report.

**24. Work Programme 2021/22**

The Committee noted the work programme.

## **MINUTES OF INFORMAL AUDIT AND STANDARDS COMMITTEE**

Monday, 31 January 2022  
(7:00 - 8:30 pm)

**Present:** Cllr Princess Bright (Chair), Cllr Adegboyega Oluwole (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Josie Channer, Cllr Irma Freeborn and Cllr Giasuddin Miah

**Apologies:** Cllr Simon Bremner and Cllr Mohammed Khan

### **25. Declarations of Interest**

The Independent Advisor (IA) disclosed that he was engaged as a consultant to Public Sector Audit Appointments (PSAA) which appoints the Council's external auditor. The IA disclosed that he was advising on the financial evaluation on the forthcoming tender and the potential impact on audit time resulting from changes in auditing and accounting standards requirements.

The IA assured the Committee that it did not affect Barking and Dagenham Council or the appointment of an external auditor. The Chair agreed that this was not a disqualifying interest and permitted IA to continue to participate in the meeting.

### **26. Minutes - To note the minutes of the meetings held on 28 September 2021**

The IA stated that the minutes wrongly refer to him as a member of the Committee rather than advisor and requested that the declaration of interest be given more detail on the nature of his work with PSAA.

The IA also asked that the use of the term of 'Audit related work' be changed as this referred to a specific activity under audit standards. There was also a typographical error in the tenth paragraph of the audit update and there was a reference to 'IA' which should be 'CA', as it related to the Chief Accountant.

The minutes of the meeting held on 28 September 2021 were noted and the Chair requested that the edits highlighted above be added.

### **27. Accounts Audit Update - 2019/20**

The Chief Accountant (CA) confirmed that the audit had resumed, and progress had been made in relation to the 2019/2020 Statement of Accounts. The recent delay was due to a member of the audit team being signed off sick. It was intended that the Audit Findings Report (ISA260 Report) was to be presented at the next meeting of the Committee, taking place on 7 March 2022.

However, BDO added a caveat that, given the possibility of further issues arising in the audit, they could not guarantee that the ISA260 Report would be ready by the next meeting. BDO explained that there was still ongoing complex work in relation to the audit which could present challenges going forward. Therefore, BDO was erring on the side of caution. The Chief Financial Officer (CFO) added that a paper

would be provided to the Committee at the next meeting, updating them on the audit, so that the Committee would have something to determine.

The fieldwork relating to testing was expected to be completed by early February 2022. BDO employed another audit firm to assist them in clearing the backlog in auditing grant claims. As a result, the audit was back on track with grant claims, including those for 2021. Housing benefit claims were being audited by the audit firm employed by BDO.

BDO signed off on the audit of four subsidiaries within the Companies House deadline. Three entities were nearing audit completion and were expected to be complete by 11 February 2022. It was intended to complete the audit as quickly as possible.

For the fiscal year 2021-2022, BDO had resigned as auditors of Barking and Dagenham Reside Ltd (Reside) and the board would be appointing new auditors in due course. BDO explained that the resignation was due to Reside being unable to commit sufficient staff. BDO noted that Reside had different sectors that required differing accounting requirements. BDO advised that Reside required improvement in in-house quality control and the ability to detect errors and misstatements.

The Chief Financial Officer (CFO) explained that Reside is an independent entity and the Council can only advise. The CFO also stated that he had stressed to Reside to commit more resources, especially in relation to finance and the audit and to reduce its dependence on Council staff. There had been progress as staff had been recruited by Reside. The CFO assured the Committee that planning had been undertaken but unfortunately, they did not always succeed, although the outcomes had been achieved in some circumstances.

The IA suggested that the Committee's terms of reference be amended to clarify the extent of the Committee's role in the audit of the Council's subsidiaries. The Chair agreed and requested that an item relating to this, be placed on the Committee's work programme for the next municipal year.

BDO representatives provided additional information explaining that field work was still ongoing in relation to personal protection requirement (PPE) valuations. BDO explained that it was time consuming owing to the requirements surrounding the analysis. Review work was ongoing, and it was expected to be completed in February 2022.

As part of the work, errors had been detected and correcting the misstatements was technically challenging. BDO was working on addressing the areas in cooperation with the Council and was confident that this would be completed in time for the next meeting of the Committee.

The Chair appreciated the update but expressed concern at the continuing delay, noting that the Audit and Standards Committee was required to submit an annual report to the Assembly, but had been unable to do so owing to the audit delay.

In response to the Chair's concerns, the Chief Accountant explained that the Audit Manager had to take time off on medical grounds. However, BDO did mitigate the issues that arose as a result and the audit was placed back on track in January

2022, and momentum had picked up.

In relation to grant claims, Grant Thornton was carrying out the audit on BDO's behalf. Usually, the grant claim audits were brief and the required information was ready, which hastened the process.

In relation to the housing benefit audit, Grant Thornton was providing support and in terms of future working in 2021-2022, a decision had not been made yet. In the event that BDO did not have capacity, then the Council would consider appointing another auditor. The CFO added that the audit was severely affected by Covid-19 owing to staff absences and that this had been particularly acute in the previous six months.

The Committee noted the report

## **28. External Audit Appointment beyond 2023/24**

The CFO explained that PSAA was undertaking procurement in relation to the appointment of the external auditor for 2023-2025. The Council was required to engage an approved auditor who was capable of carrying out the audit under the audit regulations, and the CFO highlighted two options:

- To engage an external auditor via the PSAA; or
- To conduct an independent procurement process.

The report recommended using the PSAA arrangement as the Council would find it challenging to engage an auditor in the open market. Also, given that many of the audit firms would be involved with the PSAA procurement process, the Council would not necessarily be able to engage a firm that would not otherwise have been considered, nor would necessarily result in value for money.

The CFO added that the PSAA would make sure that issues the audit sector had experienced, such as delays, would be addressed though the CFO cautioned that it would take time to resolve the issues. The PSAA would also weight quality and price which, it was hoped, would ensure that audits were properly resourced and address the issue of delays, as 15% of public sector audits were delayed in the previous fiscal year.

The CFO explained that the Council had to opt into the PSAA's process and that it would require the approval of the Assembly. The Committee agreed that the PSAA process would be the appropriate mechanism.

The Committee agreed to recommend to the Assembly that Barking and Dagenham Council opt into the PSAA external audit procurement process.

## **29. Review of Key Counter Fraud Policies & Strategy 2021**

The Head of Assurance (HoA) updated the Committee. The Council's anti-fraud policy was made up of seven policies and one strategy. The policies and strategy were reviewed annually. Changes were made to make the targets more challenging to the Counter Fraud team. Consultation was undertaken with trade unions to ensure that staff had the opportunity to question and challenge the

proposals.

The Committee agreed to recommend the strategy.

### **30. Counter Fraud 21/22 Q1-Q2 Review**

The HoA explained to the Committee that counter fraud was divided between housing fraud and corporate fraud, with corporate fraud consisting of all fraud not connected to housing.

The HoA highlighted that investigatory work was back to its pre-Covid-19 levels. In relation to corporate fraud, the HoA highlighted a company that purportedly claimed it was recovering overpayments of business rates on behalf of businesses that had paid their rates and, as a result, gained circa £22k of funds that they were not entitled to. Some of this money was recovered from the banks where the money had been paid into, but the Council had been unable to recover all of the money. The police had been contacted and were presently investigating. The HoA pointed out that this was a national problem, and that the Council was working with Counter Fraud officers from other councils who had also been targeted.

The HoA, following questioning, explained that there were legitimate companies that sought to recover overpayments of Business Rates on behalf of businesses. The Council published business rate payments with a list of companies in credit and this was likely how the fraudsters had obtained the information.

In response to questioning, the HoA acknowledged that the Business Rates team were too quick to pay out and did not follow all procedures. However, the HoA noted that the fraud occurred when the Business Rates team was under pressure during the pandemic. Assurance was given that action had been undertaken to prevent a recurrence, and the list of companies in credit with their business rates was no longer published online. The Business Rates team would be monitored going forward.

Four properties had been recovered from tenants who were illegally subletting, saving the Council circa £250k. As a result, four households previously living in temporary accommodation, had been permanently housed.

The Chair asked about how housing fraud was brought to light. The HoA explained that whistleblowing by members of the public, including family and friends of fraudsters who objected to the abuse of public property, was the main reason that the Council was able to catch fraudsters. In addition to this, housing officers engaged in unannounced visits to properties, especially in areas where fraud was more likely, such as properties located close to railway and tube stations.

The Committee noted the report.

### **31. Internal Audit 21/22 Q1-Q2 Review**

The HoA noted that the Council operated a risk-based internal audit plan and the plan was subject to amendment where the risks changed. Eight of the forty one audits were completed, defined as being at the draft report stage, and the rate of completion was 20%, which was less than the 25% target.

One report was rated 'limited assurance' and this related to CCTV operation as there were no contracts in place, meaning that it would not have been clear who, between the Council and the suppliers, would be liable if there was a dispute. This had since been addressed with a wider review of CCTV operations and a new contract was due to start in the summer.

In relation to the progress of the implementation of audit findings, the report highlighted incidences where this had not been completed by the due date. The HoA cited information security and explained this had been paused owing to the Government undertaking a consultation on GDPR and the Council would wait until the Government published its conclusions.

Regarding tenants and leaseholder payment requirements, these remained outstanding. There was a wider Council project around debt recovery and service charges, and this action was incorporated into that wider remit.

The Open Housing System was initially highlighted as 'limited assurance,'; however, all required actions had been implemented and the HoA was awaiting corroborating evidence of the business continuity and disaster recovery testing.

In response to questioning from the Committee, the HoA confirmed that school audits were still being carried out by Mazars. However, the HoA disclosed that a review was being carried out on how to conduct such audits going forward and that there was a case for bringing School Audits in-house.

The HoA elaborated on the transition from a cyclical audit approach, where every school was audited on a three yearly basis, to a risk-based one. The HoA explained that the risk-based approach was more flexible since it was partly based on Ofsted reports. The HoA also noted that some schools had managerial stability in relation to staff turnover, whilst others did not. The HoA noted that, where there were teaching problems, these were usually accompanied by administration issues. The risk-based approach enabled auditors to focus on where there were issues. However, the HoA assured the Committee that schools would be audited at least once every three years, as the risk-based approach took into account the amount of time that had passed since a school had been audited.

The internal audit team was being expanded and the HoA noted that as school audits were an audit of a whole business area, since it involved audits of human resources, administration and finance etc., that this would assist the Internal Audit Team's development of its own audit capabilities. However, the review was still ongoing and no proposals had been finalised.

Following further questioning, the HoA elaborated on how internal audit dealt with managers and directors when they requested extensions to deadlines. Extensions would be granted only if a good reason was given for the extension request and adequate compensatory controls were implemented during the extension period.

The Committee noted the report.

## **32. Standards Complaints update**

The Head of Law (HoL) updated the Committee and highlighted that greater

information was included following feedback by the Committee at the previous meeting.

The Committee noted the update.

### **33. Work Plan 2021-2022**

BDO explained that audit plan for the 2020/2021 was still being drawn up and would come to the next meeting following the March 2021 meeting. The dates for the 2022/2023 municipal year were still to be finalised.

The Chair noted that, with council elections taking place on 5<sup>th</sup> May, the Purdah period will start in late March and sought clarification on how this would affect the audit completion report if it was not completed by the next meeting.

The CFO suggested, in such circumstances, that the draft completion report could be provided to the Committee and the final report be approved via delegated authority.

the Senior Governance Officer confirmed that this was possible but that it would require the CFO, as the Section 151 Officer, to formally approve it if the Chair was content for the CFO to do so.

The Chair agreed to further consider the matter once further information from BDO was received on the likelihood of the Audit Completion Report being ready for consideration at the next meeting.

The Committee noted the programme.

**AUDIT AND STANDARDS COMMITTEE****7 March 2022**

<b>Title:</b> Accounts Audit Update - 2019/20	
<b>Report of the Chief Financial Officer</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Thomas Mulloy, Chief Accountant	<b>Contact Details:</b> E-mail: <a href="mailto:Thomas.Mulloy@lbbd.gov.uk">Thomas.Mulloy@lbbd.gov.uk</a>
<b>Accountable Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)	
<b>Accountable Strategic Leadership Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)	
<b>Summary</b>  This report is to note an update regarding the external audit of the Council's Statement of Accounts 2019/20 as well as these of the subsidiaries.	
<b>Recommendation(s)</b>  The Audit and Standards Committee is recommended to note the contents of this report.	
<b>Reason(s)</b>  It is a statutory obligation for the Council's Statement of Accounts to be produced and audited, and that the Statement of Accounts and the Annual Governance Statement must be approved by a Committee of the Council	

**1. Introduction and Background**

- 1.1 The external audit of the Council's Statement of Accounts 2019/20 is still ongoing at the time of this report. The Council is keen to sign off the 2019/20 accounts by no later than end of March 2022.
- 1.2 BDO has come across an issue relating to infrastructure assets which meant they will not be issuing an audit opinion unless this issue is resolved. This issue also applies to other authorities i.e. not limited to this Council.
- 1.3 The audit fieldwork is very close to being concluded. At this time of report, an extended sample set of 20 assets for existence testing has been requested. The Council is working hard to turn this around.

- 1.4 BDO has opted not to issue a draft ISA260 report at this stage. As a result, this poses a risk to our end March 2022 deadline for the opinion signing. The Council will work with BDO to try and deliver the opinion as soon as practically possible.
- 1.5 Due to the forthcoming ERP replacement, Monday 28<sup>th</sup> February 2022 will be the last date possible for the Council to process the audit adjustments. It is expected that all adjustments will be processed on the ledger. Any further adjustments will then need to be made off ledger on a manual basis i.e. on a spreadsheet with clear reference to the 2019/20 Trial Balance.
- 1.6 The Council is targeting week commencing 7<sup>th</sup> March 2022 for the updated set of accounts including that of the Council's Group Accounts.
- 1.7 In terms of subsidiaries accounts (2020/21), there have been some delays to both Weavers LLP and BD Giving charity. Signing of these accounts will now take place during the week commencing 7<sup>th</sup> March 2022. Four other entities are still subject to audit.
- 1.8 An update by the external auditors, BDO, will be provided at this meeting. This will include an outline of the planned steps over the next couple of weeks.

## **2. Financial Implications**

*Implications completed by: Thomas Mulloy, Chief Accountant*

- 2.1 Other than the audit fees previously mentioned in the Audit Plan, there are no financial implications arising from the report.

## **3. Legal Implications**

*Implications completed by: Dr Paul Feild, Senior Governance Lawyer*

- 3.1 The Chief Financial Officer has a statutory duty, under Section 151 of the Local Government Act 1972, to ensure that there are proper arrangements in place to administer the Council's financial affairs. An essential component of sound administration is a sound audit function.
- 3.2 The Local Audit and Accountability Act 2014, established a new audit regime. Local Authorities must appoint a local auditor which in carrying out its' role must be satisfied that the authority has:
  - made proper arrangements for securing economy, efficiency and effectiveness in its use of resources';
  - in its accounts comply with the requirements of the enactments that apply to them; and
  - observed proper practices in the preparation of the statement of accounts; and that the statement presents a true and fair view.
- 3.3 This is supported by the Code of Audit Practice, published by the NAO, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the

auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

**Public Background Papers Used in the Preparation of the Report: None**

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## AUDIT AND STANDARDS COMMITTEE

7 March 2022

<b>Title:</b> Corporate Risk Register Update	
<b>Open Report</b>	<b>For Discussion &amp; Agreement</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Christopher Martin, Head of Assurance	<b>Contact Details:</b> Tel: (020) 8227 2174 E-mail: <a href="mailto:Christopher.Martin@lbbd.gov.uk">Christopher.Martin@lbbd.gov.uk</a>
<b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Acting Deputy Chief Executive	
<b>Summary:</b> This report provides an update on the Corporate Risk Register.	
<b>Recommendation:</b> Assurance Group is asked to note the contents of the report.	
<b>Reason:</b>  It is an important feature of good governance, as well as protection of public assets, that the Council can anticipate any potential future risks and thus implement mitigating measures.	

### 1 Background

- 1.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.
- 1.2. Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure the Council's assets and to ensure the Council's continued financial and organisational wellbeing.
- 1.3. Risk offers both significant potential positive and negative impacts on delivery and reputation and it therefore follows that a key organisational challenge facing the Council is embedding risk as part of the organisation's decision making process both in day to day operational situations and at the strategic level.

### 2 Risk Management

- 2.1. The LBBB Risk Management vision is that the Council will have a robust system of risk management in place to identify, assess and manage the key risks in the Borough that may prevent it achieving the priorities identified in the Corporate

Plan. Effective risk management is a key management tool for LBBB that is used to understand and optimise the benefits it can generate from calculated risk taking, as well as helping to avoid and manage unwanted surprises.

- 2.2. This report provides an update on how strategic risk continues to be monitored and managed. Details of the process are set out in the LBBB Risk Management Approach which was approved by Cabinet on 17<sup>th</sup> September 2019.
- 2.3. The Council's approach to corporate risk management is to embed risk ownership across the organisation so that it is the responsibility of all managers and teams to manage risk. The Council's Head of Assurance is responsible for Risk Management strategy, advice and support but is not responsible for managing risks outside of his direct service remit.
- 2.4. Directors and Heads of Service ensure that risks within their area are recorded and managed appropriately, in line with the risk management framework. The Corporate Assurance Group regularly review and monitor the approach to risk management.
- 2.5. Risk Registers will form part of the service plans and are designed to be dynamic documents, being updated regularly. The Corporate Risk Register covers risks which affect our ability to achieve long-term Council objectives. Risks can be escalated from service risks up to the Assurance Group for inclusion in the Corporate Risk Register or moved down as required.

### **3. Corporate Risks**

- 3.1. The Senior Leadership Team has reviewed all their current key risks to achieving the Council's objectives. This section provides a summary of progress being made in moving towards the desired level of risk for each entry in the Corporate Risk Register.
- 3.2. There were 14 Corporate Risks at the last review and again 14 this time. There has however been one risk removed from the Corporate Risk Register (Data Centre Failure) and one addition (Cyber Security Compromise). Another risk has been reworded from 'Damage to Physical Assets' to 'Meeting Statutory Health & Safety Requirements' to shift the focus from buildings to residents.
- 3.3. Data Centre Failure – There was previously an identified corporate risk around the failure of LBBB's data centre. This risk was that "*A catastrophic failure of the data centre where LBBB's data is stored could prohibit the Authority from carrying out its day-to-day operations, resulting in residents not receiving services, significant financial implications and severe reputational damage*".
- 3.4. Since this corporate risk was first identified, the Council has become fully cloud hosted on Azure for our Core infrastructure. This occurred in late 2020 and we also now have resilience between Microsoft datacentres for all key services. Many key applications are delivered as hosted services in any case as per the IT strategy and fully isolated backups are in place.
- 3.5. In essence, the gross risk of data centre failure has reduced to a tolerable level and whilst it will remain under review it is no longer considered as one of the Council's corporate risks.

- 3.6. Cyber Security Compromise – In the last two years, 3 UK Councils have had high profile cyber incidents that have caused significant impacts in terms of both service provision and finance. A cyber security compromise would trigger business continuity and recovery arrangements that would likely cost many millions of pounds over a period of many months and accompanied by large scale loss of confidential resident data.
- 3.7. LBBDD have put significant technical mitigations in place and have workshopped the business continuity impact of an incident, confirming that it is very serious. There is no single reliable fix for this risk at this stage so the Council will need to continue to invest in this area for the foreseeable future.
- 3.8. The following Corporate Risk has therefore been added to the register – “A successful cyber security attack on the Council’s systems could disrupt the Council’s ability to deliver its service commitments and result in a large-scale data loss, breach or compromise with significant financial consequences”. The risk owner is the Director of Strategy and Participation.
- 3.9. Each Risk Owner has assessed their risk for the following:
- Gross Risk (the impact and likelihood of the risk with no controls in place);
  - Net Risk (the impact and likelihood of the risk with current controls in place); and
  - Target Risk (the impact and likelihood of the risk, once all further actions have been implemented).

3.10. There are 14 Corporate Risks with results as follows:

**1. Population Change** (Risk Owner: Director of Strategy & Participation) - An inability to understand how the population of Barking and Dagenham is changing and developing, could mean LBBDD does not having the required social infrastructure to meet the needs of its community, resulting in unsatisfied residents and reputational damage.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**2. Financial Management** (Chief Financial Officer) - Unrealistic financial modelling of grant or company income and benefits may lead to the Authority’s funding model no longer being sufficient, resulting in an inability to provide key services and severe reputational damage.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**3. Significant Incident in the Community** (Strategic Director of Law, Governance & HR) - A significant incident in the local community, in the context of the current high level of community tensions or a major public catastrophe, may lead to an eruption of civil disobedience, resulting in harm to residents, significant damage to council property, financial loss and a loss of confidence in the council.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**4. Safeguarding Failures** (Director of People & Resilience) - Staff not properly following safeguarding processes, for example due to the pressure of high caseload levels, could ultimately result in the death or serious injury of a child or vulnerable adult, resulting in loss of public faith, reputational damage, high financial costs and challenge and scrutiny from governing bodies.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**5. Development of the Third Sector** (Director of Community Solutions) - A small Third sector may mean the Authority is unable to sufficiently reduce demand for its own services, leading to unsatisfied residents, increased costs and ultimately a failure to meet performance targets.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**6. Investment Decisions** (Chief Financial Officer) - A high number of investment decisions requiring quick turnarounds, coupled with a constraint on the level of relevant skills and resources to properly review these, could lead to inappropriate investment decisions being made, resulting in both financial and reputational damage, in addition to affecting the progress of developments to the council's physical infrastructure.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**7. Economic Downturn** (Chief Financial Officer) - A large shock to the UK economy or a significant economic downturn could impact the Authority's ability

to obtain the ambitious financial returns it requires from its wholly owned companies (such as BeFirst), leading to constraints on its available funding.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**8. Contract Management** (Commercial Director) - The current lack of resources and skills in the Authority to manage its major contracts may mean that the contracts do not deliver on the agreed objectives, leading to a failure to deliver services to residents and significant financial loss.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**9. Information Security** (Chief Executive & SIRO) - A data handling error by a member of staff or a contractor, could lead to the exposure of a substantial amount of residents’ information to unauthorised individuals, resulting in significant reputational damage, investigations by the ICO and other bodies and potential fines.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**10. Recruitment & Retention of Staff** (Strategic Director of Law, Governance & HR) - A lack of perceived investment in staff and wider remuneration, due to increasing financial pressure on the Authority, may make it difficult to recruit and retain sufficiently. This may be more likely at Director and senior management level, as well as hard to recruit roles. This potentially could lead to impacts on service delivery, financial costs if roles have to be covered by interims and could lead to a significant loss of knowledge within the Authority.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**11. Vision & Cultural Change** (Chief Executive) - LBBDD’s leadership not clearly articulating the benefits of the current strategy and required transformation as detailed in the Corporate Plan, could lead to pressure from Councillors or residents to adjust the Authority’s priorities and objectives, which may lead to sub-optimal allocation of resources and a failure to meet performance targets as

well as staff not making the required cultural changes, resulting in the council being unable to deliver on its priorities.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**12. Cyber Security Compromise** (Director of Strategy & Participation) - A successful cyber security attack on the Council’s systems could disrupt the Council’s ability to deliver its service commitments and result in a large-scale data loss, breach or compromise with significant financial consequences

Risk Direction of Travel – N/A new risk

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**13. Meeting Health and Safety Requirements** (Director of My Place) - Failure to comply with all relevant statutory health and safety requirements could lead to unsafe living conditions for tenants, resulting in potential injury or death.

Risk Direction of Travel – deterioration

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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**14. Enterprise Resource Planning** (Chief Financial Officer) - A failure to procure and implement an appropriate ERP system in a timely manner could impact the Authority’s ability to properly manage its resources, leading to costly workaround solutions.

Risk Direction of Travel – no change

<b>Gross Risk</b>	<b>Net Risk</b>	<b>Target Risk</b>
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3.10 The Net Risk for each of the 14 corporate risks (i.e. the impact and likelihood of the risk with current controls in place) has been plotted on the matrix below for identification of their relative current concern:

High				<b>13</b>
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LIKELIHOOD	Medium		5 7	10	4
	Low		1 6 8	2	9 12
	Very Low		11 14	3	
		Minor	Major	Significant	Critical
		IMPACT			

3.11 A fundamental review of the Council’s corporate risks is due to take place in Quarter 1 of 2022/23 in line with the published LBBB Risk Management Approach.

**4. Financial Implications**

*Implications completed by: Katherine Heffernan, Group Manager - Finance*

4.1. Risk Management is an integral part of good management and should be embedded in the day to day work of all Council officers and managers and delivered within existing resources. In addition, there are specific fully funded posts within the Finance service that support this work. There are no further financial implications arising from this report.

**5. Legal Implications**

*Implications completed by: Dr Paul Feild, Senior Governance Solicitor*

5.1. To reiterate the main body text of this report, risk management is a key role for the organisation across the board for Members, Chief Officers and the teams. As an example, local authorities have a specific leadership role to plan for, be prepared and able to take action to respond to an emergency under the Civil Contingencies Act 2004.

5.2. Furthermore, if a risk is identified and reasonable measures are not taken to mitigate its likelihood of occurrence and if it is preventable, such as for example a tree on the highway was dangerously leaning over, the Council should take action and cut it down before it causes harm. To fail to do so could lead to legal liability to pay compensation for negligence and the reputational damage in not having taken steps to reduce the risk of occurrence and the magnitude of an

event. To carry out risk assessments and to devise and implement risk occurrences, elimination and mitigation is therefore a core activity for management.

**6. Public Background Papers Used in the Preparation of the Report: None**

**7. Appendices: None**

**AUDIT AND STANDARDS COMMITTEE****7 March 2022**

<b>Title:</b> Complaints Update	
<b>Report of the Monitoring Officer</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Dr. Paul Feild Senior Governance Lawyer	<b>Contact Details:</b> Tel: 0208 227 2638 E-mail: <a href="mailto:paul.feild@lbbd.gov.uk">paul.feild@lbbd.gov.uk</a>
<b>Accountable Director:</b> Fiona Taylor, Interim Deputy Chief Executive and Monitoring Officer	
<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Interim Chief Executive	
<b>Summary:</b>	
<p>This report is to provide the Committee with an update of complaints against Members of the Council, their status, outcome and actions taken.</p> <p>On 1 July 2012 the Assembly adopted, as required by the Localism Act 2011, a new local Code of Conduct and Complaint Procedure.</p> <p>In accordance with the Code, the Monitoring Officer conducts an initial assessment of complaints about Members of the Council against approved criteria and may consult with the Independent Person and try to resolve matters informally if possible or appropriate. If the complaint requires further investigation or referral to the Audit and Standards Committee, there may still be a hearing of a complaint before its Sub-Committee.</p> <p>One complaint continues to have consideration as to whether a resolution can be reached. A complaint was received in October 2021 which received consideration under the complaints process and has been dismissed. . A further Complaint was received in December 2021 and is being investigated.</p>	
<b>Recommendation(s)</b>	
The Audit and Standards Committee is recommended to note the report.	
<b>Reason(s)</b>	
For continued good governance and to ensure that the Standards Committee is aware of complaints against Members of the Council.	

## **1. Options Appraisal**

1.1 This report is for information only.

## **2. Consultation**

2.1 This report is for information only.

## **3. Financial Implications**

3.1 There are no financial implications associated with this report.

## **4. Legal Implications**

Implications completed by: Dr. Paul Feild  
Senior governance Lawyer

4.1 It is a legal requirement that the Council promotes and maintains high standards of conduct by Members and Co-opted Members of the authority. The Audit and Standards Committee contributes to this duty by receiving reports from the Monitoring Officer and assessing the operation and effectiveness of the Code of Conduct for Members. Additionally, the Committee advises on training of Members on matters relating to the Code as well as receiving referrals from the Monitoring Officer into allegations of misconduct in accordance with the authority's assessment criteria.

4.2 This report furthers those objectives by providing timely updates to the Audit and Standards Committee with regard to the operation of the Code of Conduct.

### **Background Papers Used in the Preparation of the Report:**

- The Council Constitution

**List of appendices: Appendix A – Schedule of Complaints received.**

Member Complaints – Monitoring Officer Rolling Record

Ref:	Receipt of Complaint	Member	Complainant	Nature of Complaint	Investigation	Standards Hearing	Outcome	Status (Open/closed)
MC 4/20	16 July 2020	Single Member	Officer	Code of Conduct	The fact-finding process is now complete with informal resolution being the preferred outcome.	To be determined	The matter is ongoing - Member is suffering from health issues.	Open
MC 2/21	21 October 2021	Single Member	Member of Public	Code of Conduct	A matter not unconnected to a referral to Parliamentary Commissioner for Local Government. Further details were requested of Complainant	No	<p>It was dismissed by Monitoring Officer by virtue of <b>Code of Conduct paragraph 15.6</b></p> <p><i>“15.6 The Monitoring Officer may dismiss a complaint without resort to further investigation if they are of the opinion that the complaint is (any one of the following or more): a. lacking in evidence b. fails to identify any breach c. politically motivated d. vexatious e. repetitive f. defamatory g. has no reasonable prospect of success h. about a Council service. Such a complaint will be referred to the relevant service area in accordance with the Council's complaints policy.”</i></p> <p>It was determined the Complaint is without evidence to support the accusations of breaches of the Code of Conduct, and as such has no reasonable prospect of success.</p> <p>and <b>paragraph 16.1 ‘Public Interest Test’</b>. Being that the Monitoring Officer operates in accordance with best practice guidance issued by the Committee for Standards in Public life and will not be undertaking investigations that do not support these objectives because they will not in the public interest. In addition, resources are limited and so the Monitoring Officer focuses on the investigation of significant matters which go to the heart of the relationship between Councillors and the public they serve. It is not in the public interest to focus on matters which are either vexatious, trivial, petty, party political, have no realistic prospect of success, without evidence.</p> <p>Summary - It is not in the public interest for this Complaint to be pursued with public resources by the Monitoring Officer on grounds 15.6 (a), (b), (d) &amp; (g) and so must be dismissed.</p>	Closed
MC 3/21	Dec 2021	Single Member	Member of Public	Code of Conduct	Fact finding process	-	The matter is ongoing	Open

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## Audit and Standards Committee - Work Programme 2022/23

**Chair: Councillor Princess Bright**

Meeting	Agenda Items	Lead Officer	Reports deadline
20 July 2022	Internal Audit 2021/22 Q3-4 Review  Counter Fraud 2021/22 Q3-4 Review  Approval of Internal Audit Charter, Strategy & Plan 2022/23  Information Governance Annual Report  Draft Committee Annual Report  BDO External Audit Plan 2021/2022  Standards Complaints update  Work Programme	Chris Martin  Chris Martin  Chris Martin  Natalia Monvoisin  Governance Officer  Lisa Blake (BDO)  Paul Feild  Lisa Blake (BDO)  Paul Field  Governance Officer	5pm, 8 July 2022
11 October 2022	Annual Governance Statement  Internal Audit 22/23 Q1 Review  Counter Fraud 22/23 Q1 Review	Chris Martin  Chris Martin  Chris Martin	5pm, 28 September

	<p>Risk Management Update</p> <p>Counter Fraud Policy Review</p> <p>Standards Complaints update</p> <p>Work Programme</p>	<p>Chris Martin</p> <p>Chris Martin</p> <p>Tom Mulloy</p> <p>Lisa Blake (BDO)</p> <p>Paul Feild</p> <p>Governance Officer</p>	
6 December 2022	<p>Risk Management Update</p> <p>Standards Complaints update</p> <p>Work Programme</p>	<p>Chris Martin</p> <p>Paul Feild</p> <p>Lisa Clampin (BDO)</p> <p>Paul Field</p> <p>Governance Officer</p>	5pm, 23 November

**Meeting dates in the 2022-23 Municipal Year;**

- 20 July 2022
- 11 October 2022
- 6 December 2022
- 6 March 2023
- 28 June 2023