



Audit, Governance & Standards

Committee

Thu 21 Sep
2023
7.00 pm

Council Chamber
Redditch Town Hall

REDDITCH BOROUGH COUNCIL

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**If you have any queries on this Agenda please contact
Mat Sliwinski**

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GUIDANCE ON FACE-TO-FACE MEETINGS

Please note that this is a public meeting.

You are able to see the agenda for the meeting on the Committee Pages of the Council's website.

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

GUIDANCE FOR ELECTED MEMBERS AND MEMBERS OF THE PUBLIC ATTENDING MEETINGS IN PERSON

Meeting attendees are encouraged not to attend a Committee if they have any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

PUBLIC SPEAKING

The usual process for public speaking at Committee meetings will continue to be followed subject to some adjustments which allow written statements to be read out on behalf of residents and the virtual participation of residents at meetings of the Audit, Governance & Standards Committee.

PUBLIC ATTENDANCE AT MEETINGS

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Notes:

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



Audit, Governance & Standards

Thursday, 21st September,
2023

7.00 pm

Council Chamber Town Hall

Agenda

Membership:

Cllrs:

Juma Begum
(Chair)
Ian Woodall (Vice-
Chair)
Salman Akbar
Karen Ashley
Andrew Fry

Chris Holz
Anthony Lovell
Emma Marshall
Jane Spilsbury

1. Apologies and Named Substitutes

2. Declarations of Interest and of Party Whip

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

3. Minutes (Pages 7 - 16)

The minutes of the meeting of the Audit, Governance and Standards Committee held on 27th July 2023 will be considered at this meeting.

4. Public Speaking

Members of the public have an opportunity to speak at meetings of the Audit, Governance and Standards Committee. In order to do so members of the public must register to speak by 12 noon on Tuesday 19th September 2023. A maximum of 15 minutes will be allocated to public speaking.

5. Monitoring Officer's Report - Standards Regime (Pages 17 - 22)

6. Dispensations Report - Individual Member Dispensations (Pages 23 - 30)

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

To receive a verbal report from the Feckenham Parish Council Representative on the Parish Councils' Standards matters.

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(Oral report)

- 8. Grant Thornton - External Audit Progress Report and Sector Update (Pages 31 - 40)**
- 9. Internal Audit Progress Report (Pages 41 - 68)**
- 10. Financial Compliance Report including progress update on Statements of Accounts (Pages 69 - 78)**
- 11. Financial Savings Monitoring Report (Pages 79 - 84)**
- 12. Risk Champion Update**
- 13. Committee Work Programme (Pages 85 - 86)**



Audit, Governance & Standards Committee

Thursday, 27th July, 2023

MINUTES

Present:

Councillors Ian Woodall (Vice-Chair in the Chair), Karen Ashley, Andrew Fry, Chris Holz, Emma Marshall, Jane Spilsbury and James Fardoe (substitute).

Also Present:

Councillor Luke Court – Portfolio Holder for Finance and Enabling (on Microsoft Teams)

Officers:

Peter Carpenter, Michelle Howell, Claire Green, and Helen Tiffney (on Microsoft Teams)

Democratic Services Officers:

Mat Sliwinski

16. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from the Chair, Councillor Begum, and Councillor Akbar. Councillor Fardoe attended the meeting as a named substitute for Councillor Begum.

17. DECLARATIONS OF INTEREST AND OF PARTY WHIP

There were no declarations of interest nor of party whip.

18. MINUTES

The minutes of the Audit, Governance and Standards Committee meeting held on 30th May 2023 were submitted for Members' consideration.

Chair

Audit, Governance & Standards Committee

Thursday, 27th July, 2023

RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on 30th May 2023 be approved as a true and correct record and signed by the Chair.

19. PUBLIC SPEAKING

There were no registered public speakers on this occasion.

20. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Principal Solicitor introduced the Monitoring Officer's report and in doing so reported that complaints continued to be received in relation to social media and as a result the Monitoring Officer was in discussions with Inspector Richard Field, of West Mercia Police, to identify dates for social media training. With respect to complaints, it was also reported that a complaint had been received in respect of the use of exempt information and that this had been resolved locally. Some Members requested that more information be provided in respect of this case, and Members were advised to contact the Monitoring Officer directly to discuss this matter.

Members were reminded that the Constitutional Review Working Party (CRWP) had a responsibility for reviewing the Council's constitution and making recommendations to full Council regarding any proposed changes to the content of the constitution. The most recent meeting of CRWP took place on 13th July 2023, where updates were considered in respect of test of meeting recording equipment and live streaming meetings, the Policy Framework, and a report in respect of the Licensing Committee's recent discussions concerning delegations for the licensing process.

It was noted that Member training sessions that took place since the last meeting of the Committee were listed in the report and that the Member Support Steering Group would be asked to review the training that had been provided to Members as part of this year's Member Induction programme.

RESOLVED that

the Monitoring Officer's report be noted.

**21. DISPENSATIONS REPORT - INDIVIDUAL MEMBER
DISPENSATIONS**

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The Individual Member Dispensations Report was presented for Members' consideration. It was noted that a list of all written requests for individual dispensation that had been submitted to the Monitoring Officer were tabled before Members at the meeting. The purpose of this item was for the Committee to consider whether to grant these requests.

Some Members requested that additional dispensations not submitted to the Monitoring Officer in written form prior to the meeting be considered, and if deemed appropriate, granted. Councillor Emma Marshall requested that dispensations be granted to Councillors Marshall and Hartnett in respect of their appointments on the Redditch LGBTQ Support Services and PRIDE Committee, to enable them to talk and discuss issues regarding LGBTQ and PRIDE issues (not including funding for the LGBTQ support services and Pride Committee). A request was also made for granting outside body dispensations to Councillors Ashley, Marshall, and Clayton, who represented the Council on the overview and scrutiny committees of a number of outside bodies (the West Midlands Combined Authority, Worcestershire County Council). This would enable the Members listed above to participate in discussions concerning these bodies in meetings of Council Committees.

As no written requests for these dispensations were received prior to the meeting, Members were advised that the verbal requests listed in the pre-amble above would be recorded in the minutes of this meeting and submitted to the Monitoring Officer for consideration.

The Committee was reminded that all elected members were required to ensure that their register of interests was up-to-date and, therefore, Members would be asked to check their current registers and update them if necessary. To remind Members of this, it was agreed that Officers would send a reminder to every elected Member to review their respective individual register of interests form.

RESOLVED that

- 1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted**

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under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;

- 2) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting;
- 3) it be noted that any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2024;
- 4) the Monitoring Officer be asked to investigate the requests for Individual Member Dispensations (IMDs) and Outside Body Dispensations submitted verbally at the meeting of the Audit, Governance and Standards Committee on 27th July 2023 (as per the pre-ambles above).

22. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME

As the Feckenham Parish Council Representative was not present at the meeting, there was no update presented to the Committee.

23. RISK MANAGEMENT REPORT

The Interim Director of Finance presented the Quarterly Risk Update and in doing so highlighted that even though there had been no changes in the number of Corporate Risks since the meeting in March 2023, the Cyber risk had moved from amber to red as this was the greatest risk currently facing the local government sector.

Members were advised that mitigating factors were in place for each of the Corporate Risks as detailed in the report. With reference to the cyber security risk, it was stressed that the Council had mitigations in place to protect from cyber attack including weekly penetration test, annual PSN Security Audit, and regular internal audits. In addition, a new software tool, KnowBe4, was in

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place, which enabled both Officers and Members to report suspicious phishing emails and provided simulated phishing attacks to assess organisational readiness for cyber attacks. It was further reported that the Council's cyber insurance had been extended for a further year but due to the potential severity of impact of the cyber risk it was prudent to increase this risk to red.

It was reported that there were now 51 Departmental Risks of which 1 was a red risk related to Revenues - Performance Indicator data that was not deemed robust as it could not be system generated. This compared with the original baseline in April 2022 of 119 risks. Many of the 51 Departmental Risks that remained were related to Housing and were related to compliance issues. In relation to the Building Control risk it was noted that this risk would become more acute towards the end of the financial year as by that time there would be a requirement for local authorities to only use accredited Building Control staff. This requirement could also possibly limit the number of staff available in the agency market. Additionally, a significant increase in fires had been reported in the Borough, which was linked to people using sub-standard electrical equipment in their homes. This factor would have an affect on the Council's property insurance renewal figures.

Following the presentation of the report, Members asked a number of questions concerning the risk report to which the responses were given as follows:

- Choice of KnowBe4 as the Council's phishing detection/cyber security software – Officers explained that the IT department took advice from the Council's cyber insurers when deciding to implement this software for phishing detection. It was highlighted that the software was easy to use by enabling users to report phishing emails with a single click and that it monitored users behaviour, including through simulated phishing tests, which enabled the Council to identify areas to improve in their cyber security and/or staff who required additional help to improve their cyber security awareness. Some Members spoke in favour of having more practical phishing tests on a regular basis as this was the best strategy against real-time cyber threats.
- Effectiveness of mitigations against the Corporate Risks – It was stated that a robust set of mitigations was in place against each Corporate Risk. For example, the updated Workforce Strategy addressed the issue of adequate workforce planning in addition to two new Human Resources

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- (HR) tools which were being used to improve the process of advertising full-time and part-time roles within the Council.
- Council offer of home contents insurance for council tenants and leaseholders – It was highlighted that many council tenants and leaseholders were unaware that the Council offered this service and Members asked that this offer be promoted. Officers responded that this would be included in the circular sent to council tenants and other ways of disseminating this information would be looked into.
 - Towns Fund governance arrangements – It was explained that there was a Towns Fund Board (Redditch Town Deal Board) comprising elected members (Leader of Redditch Borough Council and Leader of Worcestershire County Council) in addition to representatives from partner organisations and the private sector. In addition, there was an internal Officer Board which was chaired by Redditch Borough Council's Chief Executive Officer. Both governance boards held meetings every 4-6 weeks.
 - It was highlighted that Towns Fund was a time-limited fund and there was a concern about a lack of capacity among contractors. There was a high risk of project overruns beyond the funding timeframe, for which the Council would be financially liable. However, there were indications that the Government was to permit time slippage on individual projects without liability for councils.
 - It was noted that the North Worcestershire Economic Development and Regeneration (NWEdR) were responsible for Towns Fund project delivery and they reported to the Project Board. Quarterly returns on project delivery were also submitted to the central government.

RESOLVED that

the present list of Corporate and Departmental Risks be noted.

24. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Progress Report was provided for Members' consideration. It was noted that fifteen internal audit reviews were planned for 2023-24.

It was reported that six reviews that commenced in 2022-23 had been finalised since the last report to the Committee and these were included at Appendix 3. Several other 2022-23 reviews were due to be finalised soon and were currently awaiting management

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response. Appendix 4 provided an overview of the 2023-24 follow-up review programme.

Following the presentation, Members queried when the audit of Mayor's Office was due to be undertaken and it was noted that this was planned for the next quarter (Q2 2023-24) and would be reported to the next meeting of the Committee.

Question was asked in respect of the value for money that Redditch obtained from the Worcestershire Internal Audit Shared Service (WAISS) in terms of work allocation. Members were informed that the Council was only billed for the number of days of internal audit that were delivered to the Council directly. It was further stated that WAISS was an accredited provider of internal audit services that was external to the Council, which provided a measure of organisational independence. As WAISS provided an internal audit function for most district councils in Worcestershire, it could also make comparisons that were of help in undertaking their internal audit work for the Council.

RESOLVED that

the report be noted.

25. FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON COUNCIL'S STATEMENTS OF ACCOUNTS

The Head of Finance and Customer Services presented the Finance Compliance Report and in doing so noted that presentation of this report was part of the Financial Recovery Programme agreed by the Executive Committee in September 2022. The report was to be presented at each meeting of the Committee, detailing the progress in fulfilling the legislative requirements and progress on the 2020-21 audit process. It was further noted that following the Council's participation in the Corporate Peer Challenge, which took place in March 2023, the Executive Committee agreed to implement the recommendations of the Peer Challenge.

With regards to the 2020-21 closure of accounts process, it was reported that the External Auditors had restarted their work on the Council's take-on balances from July 2023. It was noted that provision of the Draft 2020-21 Accounts for Audit was dependent on the External Auditors confirmation that they had approved take-on balances at both Councils (Redditch and Bromsgrove). It was anticipated that the audit would take place over September and

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October 2023 with the audit of 2020-21 Accounts to be concluded by November 2023. The timelines for External Audit sign-off of the following years' accounts was given as May/June 2024 and November 2024 for 2021-22 and 2022-23 Accounts respectively.

It was noted that significant delays in the external auditing of local government accounts continued to be a major issue and the Department for Levelling Up, Housing and Communities (DLUHC) was investigating how this could be remedied. Any solutions identified might lead to an increase in the number of qualified statements across the sector in the short-term. It was reported that the Council would be providing a response to the DLUHC consultation into local audit framework.

In relation to key legislative deliverables, Members noted that the Capital Outturn Reports for 2020-21 and 2021-22 had recently been submitted. The key returns that had not been delivered were the Revenue Outturn forms for 2020-21 and 2021-22 and VAT returns which were dependent on the closure of accounts. Although the Government now allowed these returns to be completed based on estimates, the level of uncertainty due to the issues with the Council's cash receipting had necessitated that these returns should not be submitted until the External Auditors sign off the Council's take on balances and the Council provides the draft accounts to Audit for each Council (Redditch and Bromsgrove).

Officers reported that the TechOne system had now been upgraded from version 20b to 23a. This upgrade would provide access to more functionality and resolve a number of issues that were being experienced which had been resolved in later versions of TechOne. Members were informed that Redditch and Bromsgrove were the only councils in the UK using the company's cash receipting module and that the upgrade to version 23a related to cash receipting functionality and not the whole system.

In terms of procurement, it was stated that the new 'No Compliance No Order' process had been live since April 2023 and many departments were now proactively getting quotations for lower value works, with the aim being to minimise the number of orders going to the procurement team.

Following the report presentation, a comment was made to the effect that elected members would like more assurance about the transparency of Council procurement from private sector firms in the context of recent high-profile cases at other local authorities. In

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response, it was stated that the Council had mechanisms in place to ensure procurement was transparent including the 'no compliance no order' method. This policy required that all purchase orders had to have contracts attached to them in order to be actioned. In addition, the procurement team maintained an oversight of the Council's procurement and all performance monitoring reports going forward would include a list of upcoming procurements going out for tender.

The inclusion of penalty clauses in contracts to enable compensation in case of significant project overruns was discussed and it was commented that whilst the Council needed to be careful about the inclusion of penalty clauses within contracts from the legal standpoint, Members were assured that all Council contracts included appropriate checks and balances.

Members took the opportunity to commend the Bromsgrove Audit Task Group report, the recommendations of which were approved for implementation by the Executive Committee on 13th June 2023. In relation to that report, it was highlighted that all elected members needed to be kept informed about the TechOne system development on a regular basis to ensure that lessons had been learned.

The Portfolio Holder for Finance and Enabling addressed the Committee and in doing so concurred with Committee Members in commending the Audit Task Group report recommendations. He commented that one of the report recommendations agreed by the Executive Committee was for a permanent Project Management Office to be set up at Redditch Borough Council in order to support the full range of projects undertaken by the Council.

In relation to the key decision procurement thresholds, it was recognised that a higher threshold for key decision procurement would provide focus for Members to examine the major contracts and ensure that all procurements above the threshold were listed as key decisions on the Executive Committee's forward plan/work programme. It was noted additionally that there was a contracts register in place and all spending over £500 was published on the Council's website and updated on a monthly basis.

RESOLVED that

the progress on the 2020-21 Audit process be noted.

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26. RISK CHAMPION UPDATE

Councillor Marshall reported that in respect of her role as the Council's Risk Champion she planned to undertake visits and speak with Council's Heads of Service to ascertain the specific risks within Council departments and to discuss the strategies that were in place to mitigate those risks.

RESOLVED that

the Risk Champion Update be noted.

27. COMMITTEE WORK PROGRAMME

The Interim Director of Finance reported that two changes were required in respect of the published work programme for the September meeting of the Committee. The Financial Savings Monitoring Report was to be added to the items on the agenda and the Risk Management Report removed.

RESOLVED that

the contents of the Committee's Work Programme be updated as per the pre-amble above.

The Meeting commenced at 7.00 pm
and closed at 8.02 pm

**Audit, Governance &
Standards Committee****21st September 2023****MONITORING OFFICER'S REPORT**

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

1. RECOMMENDATIONS

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

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

2. BACKGROUND

2.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Governance and Standards Committee since the last update provided at the meeting of the Committee in July 2023.

2.2 It has been proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.

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Standards Committee****21st September 2023**

- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by Parish Councils, will be reported on orally by Officers at the meeting.

3. FINANCIAL IMPLICATIONS

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

4. LEGAL IMPLICATIONS

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

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

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

Climate Change Implications

- 5.2 There are no specific climate change implications.

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

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

**Audit, Governance &
Standards Committee****21st September 2023**

Operational Implications**Member Complaints**

- 6.2 As a result of the issues reported to this committee in relation to the use of Social Media training has been arranged and will be delivered by Inspector Richard Field, of West Mercia Police, on 12th October 2023. All members are asked to attend.

Member Support Steering Group

- 6.3 The Member Support Steering Group (MSSG) is responsible for reviewing Member training, induction and ICT support. Meetings of the MSSG are due to take place throughout the 2023/24 municipal year.
- 6.4 The first meeting of the group took place in August 2023. During the meeting, Members considered the outcomes of the Member Induction process and received an update on forthcoming training. The group agreed to issue a survey to all new Members to request feedback on the induction process and this feedback will inform future induction processes at the Council.

Constitutional Review Working Party

- 6.5 The Constitutional Review Working Party (CRWP) is responsible for reviewing the Council's constitution and makes recommendations to full Council regarding any proposed changes to the content of the constitution.
- 6.6 The CRWP holds regular meetings throughout the year. The latest meeting of the CRWP took place in July. During the meeting, Members recommended some changes to the Council's Policy Framework and also agreed that Council meetings should be live streamed in future. The outcomes of this meeting are due to be reported for Members' consideration at the next Council meeting.

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Standards Committee****21st September 2023**

Member Training

- 6.7 Following the local elections in May 2023, a comprehensive Member training programme was arranged for both new and returning Members.
- 6.8 The training sessions that have recently taken place or are due to take place soon last include:
- Appointments Committee training – Tuesday 5th and Wednesday 6th September 2023
 - Members' Code of Conduct Training – Tuesday 10th and Thursday 19th October 2023
 - Redditch Members' Social Media Training – Thursday 12th October 2023
 - Planning Enforcement Training – Monday 23rd October 2023
 - Carbon Literacy Training – Thursday 2nd November 2023

7. RISK MANAGEMENT

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

8. APPENDICES and BACKGROUND PAPERS

No appendices.

Chapter 7 of the Localism Act 2011.

**Audit, Governance &
Standards Committee****21st September 2023****9. REPORT SIGN OFF**

Department	Name and Job Title	Date
Portfolio Holder	Councillor Luke Court - Portfolio Holder for Finance and Enabling	11 th September 2023
Lead Director / Head of Service	Claire Felton - Head of Legal, Democratic and Property Services	11 th September 2023
Financial Services	N/A	
Legal Services	Claire Felton - Head of Legal, Democratic and Property Services	11 th September 2023

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REDDITCH BOROUGH COUNCIL**Audit, Governance &
Standards Committee**21st September 2023**LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS**

Relevant Portfolio Holder		Councillor Luke Court, Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted		Yes
Relevant Head of Service		Claire Felton, Head of Legal, Democratic and Property Services
Report Author Jess Bayley-Hill	Job Title: Principal Democratic Services Officer Contact email: jess.bayley-hill@bromsgroveandredditch.gov.uk Contact Tel: (01527) 64252 Ext: 3072	
Wards Affected		All
Ward Councillor(s) consulted		N/A
Relevant Strategic Purpose(s)		An effective and sustainable Council
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

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

- 1) Any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, be granted to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;**
- 2) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and**
- 3) it be noted that any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2024.**

**Audit, Governance &
Standards Committee****21st September 2023**

2. BACKGROUND

- 2.1 To consider the granting of any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and which will be detailed by the Monitoring Officer at the meeting. To also consider granting Outside Body Appointment Dispensations.
- 2.2 This item follows a previous report on individual members' dispensations which was considered by the Audit, Governance and Standards Committee at a meeting held in July 2023. At that meeting, additional queries had been made regarding to granting of further individual dispensations. As a result, a decision was taken to present another report on Individual Member Dispensations and Outside Body Dispensations at the September meeting of the Committee to provide all Members with time to consider whether they wished to request any outstanding Individual Member or Outside Body Dispensations. Please note that any new requests need to be submitted in writing to the Monitoring Officer before the meeting on 21st September 2023 in order to be considered by the Committee.
- 2.3 Please note that Individual Member Dispensations (IMDs) and Outside Body Appointment Dispensations granted at the last meeting of the Audit, Governance and Standards Committee in July 2023 remain valid until the first meeting of the Audit, Governance and Standards Committee in the next municipal year unless amended by the Committee prior to that date. The requests granted at that meeting are detailed in paragraph 3.8 of the report
- 2.4 This report is to consider any requests submitted in writing after the last meeting of the Committee on 27th July 2023, which are set out in paragraph 3.10 of the report. Any additional requests submitted in writing to the Monitoring Officer after the publication of the report will be presented to the Committee at the meeting.

3. OPERATIONAL ISSUES

- 3.1 Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.

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- 3.2 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted “only if, after having regard to all relevant circumstances” the Committee considers that one of those situations applies.
- 3.3 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –
- “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
 - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
 - (c) considers that granting the dispensation is in the interests of persons living in the authority’s area,
 - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without the dispensation each member of the authority’s Executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority’s executive, or
 - (e) considers that it is otherwise appropriate to grant a dispensation.”
- 3.4 The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee. This function subsequently transferred to the Audit, Governance and Standards Committee. All dispensations granted are valid until the first meeting of the Audit, Governance and Standards Committee following the next applicable Borough Council elections.
- 3.5 Dispensations, all of which require the advance approval of the Committee and a subsequent written request from the Member to the Monitoring Officer, currently fall within four categories:

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Standards Committee****21st September 2023**

- General Dispensations
 - Council Tax Arrears
 - Individual Member Dispensations
 - Outside Body Appointment Dispensations
- 3.6 It should be noted that under Section 106 of the Local Government Finance Act 1992 there is a caveat that any Member who is 2 months (or more) in arrears with their Council Tax payments cannot participate in any Council meeting concerning the budget. In the event that any Members are affected by the provisions of section 106, the statutory rule that they be barred from taking part in the budget decisions would prevail.
- 3.7 The new Local Government Association (LGA) Model Code of Conduct was considered at the Audit, Governance and Standards Committee meeting held on 14th April 2022. It was recommended by the Committee that the Council adopt the new Model Code with two amendments to the Code. This version of the Code was subsequently presented at the Council meeting held on 23rd May 2022 with Members agreeing to adopt the LGA Model Code of Conduct. As a result of this adoption Members are now required to complete an 'Other Registerable Interests' (ORI) form to declare any ORIs.
- 3.8 The table below sets out the individual member dispensations that have been granted at the last meeting of the Audit, Governance and Standards Committee in July 2023. These dispensations remain valid until the first meeting of the Audit, Governance and Standards Committee meeting after the Borough Council Elections in 2024.

Councillor(s)	Relevant DPI	Reason for dispensation
Councillor Joe Baker	The Redditch LGBTQ Support Services and PRIDE Committee (Other Registerable Interest – ORI)	To talk and discuss issues regarding LGBTQ community and PRIDE issues (not including funding for the LGBTQ Support Services and Pride Committee)

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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Councillor Matthew Dormer	Outside Body appointment and Other Registerable Interest (ORI) as a director to the Redditch Business Improvement District (BID)	To participate in discussions and decisions concerning town centre regeneration and economic development, including in respect of the Redditch BID
Councillor Matthew Dormer	Outside Body appointment as an appointee to the West Midlands Combined Authority Board	To participate in discussions and decisions concerning town centre regeneration and economic development, including in respect of the WMCA.
Councillor Matthew Dormer	Outside Body appointment and Other Registerable Interest (ORI) as a member of Redditch Business Leaders	To participate in discussions and decisions concerning town centre regeneration and economic development, including in respect of Redditch Business Leaders.

- 3.9 In relation to Independent Member Dispensations, Officers have contacted all Members to ask whether they wish to seek to add any further dispensations.
- 3.10 The new Individual Member Dispensations / Outside Body Dispensations requests received prior to the publication of the agenda for this meeting of the Audit, Governance and Standards Committee are listed in the table below. The Committee is asked to consider, and if minded to do so, agree to grant the below requests. Any further requests in writing received by the Monitoring Officer after the publication of this meeting's agenda will be reported to Members at the meeting.

Councillor(s)	Relevant DPI	Reason for dispensation
Councillor Emma Marshall	The Redditch LGBTQ Support	To be able to speak at the Redditch

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	Services and PRIDE Committee (Other Registerable Interest – ORI)	PRIDE and discuss issues regarding LGBTQ community and PRIDE issues (not including funding for the LGBTQ Support Services and Pride Committee)
--	--	--

- 3.11 It should be noted that any dispensations approved by the Committee only take effect on receipt of a written request from Members for a specific dispensation to be granted. As such, Members must ensure that they submit a written request for dispensation to the Monitoring Officer whenever they are aware that any relevant business is due to be discussed/debated at meetings, in order for the required dispensation to then be applied.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no specific financial implications.

5. LEGAL IMPLICATIONS

- 5.1 Section 33 of the Localism Act 2011 provides that Dispensations can be granted in respect of Disclosable Pecuniary Interests (“DPs”).
- 5.2 Section 33 (1) requires that a Member must make a written request for a dispensation.
- 5.3 Section 33 (3) provides that a dispensation must specify the period for which it has effect, and that period may not exceed 4 years.

6. OTHER - IMPLICATIONS**Relevant Strategic Purpose**

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

Climate Change Implications

- 6.2 There are no specific climate change implications.

Equalities and Diversity Implications

**Audit, Governance &
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6.3 There are no specific equalities and diversity implications.

7. RISK MANAGEMENT

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

8. APPENDICES and BACKGROUND PAPERS

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

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Luke Court, Portfolio Holder for Finance and Enabling	13 th Sep 2023
Lead Director / Head of Service	Claire Felton, Head of Legal, Democratic and Property Services	13 th Sep 2023
Financial Services	Pete Carpenter, Interim Section 151 Officer	13 th Sep 2023
Legal Services	Claire Felton, Head of Legal, Democratic and Property Services	13 th Sep 2023

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Audit, Governance and Standards Committee21st September 2023**Grant Thornton – External Audit Progress Report & Sector Update**

Relevant Portfolio Holder	Councillor Luke Court– Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author: Jackson Murray Grant Thornton	Job Title: Key Audit Partner Contact email: jackson.murray@uk.gt.com
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	An effective and sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Committee is asked to note updates in the report as included in Appendix 1.

2. FINANCIAL IMPLICATIONS

2.1 There are no financial implications arising out of this report.

3. LEGAL IMPLICATIONS

3.1 The Council has a statutory responsibility to comply with financial regulations.

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

4.1 The issues detailed in this report help to ensure that the Council is effective and sustainable.

Climate Change Implications

4.2 There are no Climate Change implications arising out of this report.

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

- 5.1 There are no Equality and Diversity implications arising out of this report.

Operational Implications

- 5.2 The report attached at Appendix 1 provides Members with our external auditor's progress in delivering its responsibilities as the Council's external auditors. It sets out key audit deliverables and a sector update which includes a number of matters that are relevant to Local Government.

6. RISK MANAGEMENT

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

7. APPENDICES and BACKGROUND PAPERS

Appendix 1 - Grant Thornton – Redditch Borough Council Audit
Progress Report and Sector Update

Redditch District Council Audit Progress Report and Sector Update

September 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Audit, Governance and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit, Governance and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at September 2023

Financial statements audit

At the May 2023 Audit, Governance and Standards Committee we summarised the issues that we and the current finance team have faced to date in respect of the 2020/21 financial statements and the transfer of data from the legacy financial ledger system, eFinancials, to the new TechnologyOne system that was undertaken in February 2021.

Since that meeting we have continued to face challenges in obtaining sufficient, appropriate evidence to support the data transfer and to allow us to begin our 2020/21 financial statements audit. In July 2023 we met with key members of the finance team, ICT and the project manager involved in the ERP implementation. This was helpful in advancing the understanding of the processes involved and the information available to us. TechnologyOne representatives were invited but did not attend.

Subsequent to that meeting, colleagues from our Digital Audit team have reviewed reports run from the legacy eFinancials system, confirming that the SQL script applied was appropriate to deliver the data expected. They have then compiled that data made available to us to date – namely periods 1 to 11 of the 2020/21 financial year. The Council is currently unable to provide us with data included in period 0, and therefore we cannot undertake any work on the balance sheet entries as these transactions are critical to allowing us to understand the balance sheet position. The Council continue to attempt to reinstate their business objects licence in order to run a period 0 report and export it to excel, as the SQL script is returning nil entries.

Alongside the work to progress our audit of the data transfer, we agreed that financial statement audit team colleagues would undertake work on specific areas of the 2020/21 financial statements for two weeks from 14 August 2023, including the defined benefit pension liability, payroll, senior officer remuneration and housing benefit expenditure. We agreed that supporting working papers would be made available to us by this date in order to facilitate this work. On 15 August 2023, we confirmed that we would be redirecting the audit team to other work as insufficient working papers had been provided to us, and those that had were not of the expected quality.

We had planned to return to the financial statements audit in October 2023, with this running through to February 2024. The time that was reallocated would need to be added to this plan, extending the date of the potential 2020/21 audit opinion further into 2024.

Value for Money

Colleagues in our Value for Money team have begun our work, and we will be reporting our commentary on arrangements for the 2021/22 and 2022/23 financial years in a Joint Auditors Annual Report. We expect to report in this calendar year. Our interim Auditors Annual Report for 2020/21, issued in October 2022, reported a significant weakness in arrangements that had come to our attention for 2021/22 in respect of a lack of timely and relevant financial monitoring reporting.

Progress at September 2023

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). We submitted our report to the DWP 4 September 2023. We did not report any significant issues within the report and an amended claim form was submitted alongside our report.

Audit Fees

We have previously discussed the fee impact of the delays in financial reporting, our VFM findings for 2020/21 and the related written recommendations under section 24 of the Local Audit and Accountability Act 2014, and the likely challenges of auditing transactions processed in the new system with management and the Audit, Governance and Standards Committee. The fee we originally proposed in our Audit Plan for 2020/21 in April 2022 was £71,292. The final proposed fee will need to be agreed following the completion of any audit, however in May 2023 we confirmed to the Committee that given the work already performed to date this could exceed £100k.

Any proposed fee variations must first be discussed with management before consideration by Public Sector Audit Appointments Limited (PSAA). We have agreed with officers that we will seek an interim fee variation via PSAA. We will first agree this with the Director of Resources, before reporting this to the Committee as those charged with governance and submitted to PSAA for their consideration.

Audit Deliverables

2020-21 deliverables	Proposed date	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit, Standards and Governance Committee setting out our proposed approach in order to give an opinion on the Authority’s 2020-21 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report.</p>	April 2022	Completed
<p>Interim Audit Findings</p> <p>We will report to you the findings from our audit work to date within our Progress Report.</p>	May 2023	Completed
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the Audit, Standards and Governance Committee.</p>	November 2023	Delayed - 2024
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	November 2023	Delayed - 2024
<p>Interim Auditor’s Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	November 2023	In progress
2021-22 and 2022-23 audit-related deliverables	Proposed date	Status
<p>Housing Benefit Subsidy – certification for 2021-22</p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform. The detailed testing of the Authority’s workbooks has been completed. The remaining tasks left to complete include the completion of the Module 2 checklist, and the drafting of the HBAP report. All work is subject to quality review.</p>	July 2023	Complete
<p>Housing Benefit Subsidy – certification for 2022-23</p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform. We have been provided with the Authority’s subsidy claim form from which we have selected initial samples. The Authority’s Housing Benefit team is currently undertaking the detailed work for these samples.</p>	November 2023	Not yet due



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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE &
STANDARDS COMMITTEE****21st September 2023****THE INTERNAL AUDIT PROGRESS REPORT**

Relevant Portfolio Holder	Councillor Luke Court
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, s151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: andy.bromage@worcester.gov.uk Contact Tel: 01905 722051
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management Underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

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

1) That the report is noted.

2. BACKGROUND

The involvement of Member's in progress monitoring is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

This section of the report provides commentary on Internal Audit's performance for the period 01st April 2023 to 31st July 2023.

Summary Dashboard 2023/24:

Total reviews planned for 2023/24	15 (minimum)
Reviews finalised to date for 2023/24:	0
Assurance of 'moderate' or below:	0
Reviews awaiting final sign off:	0
Reviews ongoing:	7
Reviews to commence (Q3):	3
High' Priority recommendations reported 2023/24:	0
Satisfied 'High' priority recommendations to date:	N/a
Plan delivery to July 2023:	14%

Since the last progress report presented to the Committee, one Grant Certification has been completed and seven reviews are progressing. One 2022/23 report has been finalised and three are awaiting management sign off.

**AUDIT, GOVERNANCE &
STANDARDS COMMITTEE****21st September 2023**

Follow Up outcomes are reported in Appendices 4 and 5 and by exception.

All 'limited' or below assurance reviews go before Corporate Management Team for full consideration.

2022/23 AUDITS

The review finalised since the last committee update is:

- Benefits (Significant)

The reviews awaiting management sign off are:

- ICT (Moderate)
- Council Tax (Moderate)
- National Non-Domestic Rates (Significant)

As the above are classified as 'on going' the assurance and outcome of the reviews will be reported at Committee on completion.

2023/24 AUDITS TO 30th JULY 2023

A rolling programme of testing has been taking place during quarters 1 and 2 and is set to continue through quarter 3 for Debtors, Creditors and Payroll. The results will be reported in quarter 4. Due to circumstances and Officer availability at Redditch Borough Council, two reviews have been delayed i.e. Organisational Processes and Anti-fraud and Corruption. These are now scheduled to commence in quarter 3.

The piece of work requested by Members regarding the Mayor's account has been undertaken and is currently at draft report stage. In draft form internal audit are reporting that the account has not been fully set up but there is a process and procedure to be followed. An assurance rating cannot be applied until such time that the account is fully functional, and testing can be undertaken. The report will be placed before Committee when finalised.

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made regarding the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. To assist the service area to move forwards challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. The outturn from the reviews will be reported in summary format as part of the regular reporting.

**AUDIT, GOVERNANCE &
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Internal Audit are continuing to consider new processes emerging from the 'new norm' working arrangements that have been necessary to continue to provide Redditch residents with services post pandemic. Plan flexibility is required to include and provide assurance on potential areas of change.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans (Appendix 4). The outcomes of the follow up reviews are reported in full (Appendix 5) so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied.

3.4 AUDIT DAYS

Appendix 1 provides a summary of delivery. At the 31st July 2023 a total of 49 days had been delivered against an overall target of 364 days for the year.

3.5 OTHER KEY AUDIT WORK

Much internal audit work is carried out "behind the scenes" but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a 'critical appraisal'
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers' attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative coordination of uploads.
- Investigations

National Fraud Initiative

- 3.6 National Fraud Initiative data set uploads are planned for December 2023 and January 2024. The results from the 2022/23 uploads are currently being investigated by the various Service areas who are working through them and taking appropriate action. WIASS continue to provide advice and assistance regarding the process.

**AUDIT, GOVERNANCE &
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Monitoring

- 3.7 To ensure the delivery of the 2023/24 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year to ensure an internal audit opinion can be reached using reviews from the authority's core financial systems, as well as other systems which have taken place. Changes to the plan have been discussed with the s151 Officer and reported to Committee.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

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

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

Climate Change Implications

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

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

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

**AUDIT, GOVERNANCE &
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Operational Implications

7.2 There are no new operational implications arising from this report.

8. RISK MANAGEMENT

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

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

9. APPENDICES and BACKGROUND PAPERS

Appendix 1 ~ 2023/24 Internal Audit Plan summary of delivery.

Appendix 2 ~ 2023/24 Plan progress.

Appendix 3 ~ 2022/23 Finalised audit reports including definitions.

Appendix 4 ~ Follow Up Programme Overview.

Appendix 5 ~ Follow Up Reports recently issued.

**AUDIT, GOVERNANCE &
STANDARDS COMMITTEE****21st September 2023****APPENDIX 1****Delivery against Internal Audit Plan for 2023/24
1st April 2023 to 31st July 2023**

Audit Area	2022/23 Plan Days	Days used to 31st July 2023
Core Financial Systems (see note 1)	115	11
Corporate Audits	71	4
Other Systems Audits (see note 2)	124	26
SUB TOTAL	310	41
Audit Management Meetings/ Corporate Meetings / Reading		
Annual Plans, Reports and Audit Committee Support	54	8
Other chargeable (see note 3)	0	0
SUB TOTAL		
TOTAL	364	49
Rubicon	10	0

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year-end. A rolling programme continues regarding Debtors, Creditors and Payroll to maximise coverage and sample size. The overall results will be reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters potentially resulting in unallocated days.

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

REDDITCH BOROUGH COUNCIL

Date: 21st September 2023

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Appendix 2

2023/24 Internal Audit Plan

Audit Area	Corporate Link	Risk Register Reference		Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
FINANCIAL						
Debtors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		17*	1 to 3	Ongoing Rolling Programme
Main Ledger/Budget Monitoring Returns/Bank Rec. (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		30*	3 to 4	To commence Q3
Creditors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		17*	3 to 4	Ongoing Rolling Programme
Treasury Management	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		6*	2	Planning
Council Tax	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		8*	1 to 3	To commence Q3
Benefits	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		10*	1 to 3	To commence Q3
NNDR	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		8*	1 to 3	To commence Q3

REDDITCH BOROUGH COUNCIL

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference		Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Payroll	Enabling & Contractual Obligation	COR17 - Resolution of the approved Budget Position in both Councils		19	1 to 3	To commence Q3
Sub TOTAL				115		
CORPORATE						
IT Audit	Fundamental to strategic purpose delivery	COR18 – Protection from Cyber Attack		15*	3 - 4	Planning
Risk Management Embedding (note 2)	Fundamental to strategic purpose delivery	S151 request		10*	3 - 4	To commence Q3
Corporate anti-fraud and corruption	Fundamental to strategic purpose delivery	COR - Cost of Living		5*	3	Delayed to Q3
Procurement and Contract Management (note 3)	Fundamental to strategic purpose delivery	COR16 – Management of Contracts & S151 request		8*	4	To commence Q4
Corporate Data Quality and Usage (Critical Friend)	Fundamental to strategic purpose delivery	S151 request		10*	4	To commence Q4
Projects – Towns Fund	Fundamental to strategic purpose delivery	COR22 - Delivery of Levelling up, Towns Fund and UK Shared Prosperity Fund work & S151 request		8*	2	Planning
Grants (Various incl. Disabled Facilities Grants)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		15	1 to 4	Grant Certification Completed July 2023. Further work to be

REDDITCH BOROUGH COUNCIL

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
							undertaken during year.
Sub TOTAL					71		
SERVICE DELIVERY							
Community & Housing Service							
Housing Revenue Account	Finding Somewhere to Live	S151 request			20	4	To commence Q4
Temporary Accommodation	Finding Somewhere to Live	S151 request			10	4	To commence Q4
Right to Buy	Finding Somewhere to Live	Local Knowledge/Intelligence			10	4	To commence Q4
Human Resources							
Organisational Processes	Fundamental to strategic purpose delivery	COR19 – Adequate Workforce Planning & S151			10	2	Delayed to Q3
Sub TOTAL					55		
Other Operational Work							
Advisory, Consultancy & Contingency	Operational support	N/a	N/a		20	1 - 4	Ongoing

REDDITCH BOROUGH COUNCIL

Date: 21st September 2023

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference		Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Fraud & Investigations incl. National Fraud Initiative	Operational support	N/a	N/a	15	1 - 4	Ongoing
Completion of prior year's audits	Operational support	N/a	N/a	12	1	Ongoing
Report Follow Up (all areas)	Operational support	N/a	N/a	15	1 - 4	Ongoing
Statement of Internal Control	Operational support	N/a	N/a	6*	1 & 4	
Bus Operators Return	Operational support	N/a	N/a	6	1 & 3	
Sub TOTAL				74		
Audit Management Meetings	Operational support	N/a	N/a	54	1 to 4	Ongoing
Corporate Meetings / Reading	Operational support	N/a	N/a			
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a			
Sub TOTAL				54		
TOTAL				364		

Rubicon Leisure	Arms-length LA Company	N/a	N/a	10	10	
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Explanatory Notes:

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

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

Note 1: Ongoing risk with financial system therefore audit budgets maintained.

Note 2: Risk management relaunched 2022/23 reviewing ongoing progress against action plan and reporting.

Note 3: Procurement - ensuring embedding continues.

Appendices A & B are indicated below and are applied to all reports.

Appendix A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Appendix B
Definition of Priority of Recommendations

Priority	Definition
H	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.
M	Other control weaknesses where there are some controls in place but there are issues with parts of the control that need to be addressed by Management within the area of review.
L	Issues of best practise where some improvement can be made.

2022/23 Audit Reports.
Recently Finalised Reports.

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report Benefits 2022-23 Date: 23rd August 2023

Distribution:

To: Customer Support Manager

CC: Head of Finance and Customer Services
Interim Section 151 Officer

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1. Introduction

- 1.1 The audit of the Benefit process was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2022/23 approved before the Audit, Governance and Standards Committee on 28th July 2022 and for Bromsgrove District Council to the Audit, Standards and Governance Committee on 21st July 2022. The audit was a risk-based systems audit of the Benefits System as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This review relates to the strategic purposes of:
- BDC Plan 2019-23: Strategic Purpose - Work and Financial Independence. Priorities - Financial Stability.
 - RBC: Plan 2020-24: Strategic Purposes - Aspiration, Work & Financial independence
- 1.3 There are no Corporate Risks relevant to this review. There were 2 Service Risks relevant to this review.

- BEN 1 Fail to effectively resource the service to meet demands
- BEN 7 Benefit Subsidy

1.4 This review was undertaken during the month(s) of November 2022 to May 2023.

2. Audit Scope and objective

2.1. This review has been undertaken to provide assurance that progress has been made in response to the 2021/22 audit recommendations and assurance on the processing of new and change of circumstance Housing Benefit & Council Tax Support claims for working age and pension age claimants.

2.2. The scope covered:

- A review of the updated position in relation to the 2021/22 audit recommendations.
- A review of new and change of circumstance Housing Benefit & Council Tax Support claims for working age and pension age claimants to ensure that backdated claims have been applied correctly, relevant evidence recorded and that processing days are within reasonable timescales.
- Compliance with internal processes and external legislation to allow accurate processing of new claims and changes of circumstance focusing on rent allowances, income/allowance information and disregards.
- Awards are being made in line with the Council Tax Reduction Scheme.
- Access controls to the system are appropriate and are effective - including remote working arrangements. (Access controls will be reviewed in more detail within the ICT Audit 2023/24).

2.3. This reviewed covered the period from 1st April 2022 to the 18th May 2023.

2.4. This review did not cover:

- The process of recovery, including the classification of overpayments and its effect on subsidy.
- Payments made under the discretionary hardship scheme.
- Reconciliations as this will be carried out within the Core Financial Audits.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **significant assurance** in this area because generally there is a sound system of internal control in place but that our testing has identified isolated weaknesses in the design of controls and / or inconsistent application of controls in a small number of areas.
- 3.3. The review found the following areas of the system were working well:
- Processing of the Council Tax Reduction Scheme claims with good meaningful file notes.
 - The processing of new claims and changes of circumstance focusing on rent allowances, income/allowance information and disregards
 - The speed of processing during Quarter 3 2022/23 (DWP published figures)
- 3.4. The Benefits team are still waiting the outcome from the proposed re-structure that has taken over 3 years to complete. This has left certain staff in secondment roles and carrying out duties that are not within their current job role description. This has led to ongoing pressures within the quality assurance team.

The service does not have specific key performance indicators regarding the speed of processing of new Housing Benefit and change of circumstances claims. However, the number of days taken to process claims is tracked on the dashboard and published nationally. The review found that the allocation of work was being monitored but there were some processing times that have taken longer than would have liked due to the volume of work received.

The review did identify a potential for a break down in controls when granting officers access to the OpenRevs system due to the current process which excludes approval from the revenues and benefits team for staff outside of their service that require access to the system. Therefore, this will be looked at in more details within the ICT audit planned for quarter 2 2023/24

3.5. The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Previous Audit 2021/22 Follow Up		
Ref 1 Outstanding Work Queue/Backlogs Ref 3 Dashboard – Performance Measures	Medium	1
New Matters Arising 2022/23		
Backdating New Housing Benefit Claims	Medium	2

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium, and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Issues brought forward from previous audit 2021/22					
1	M (Based on 2021/22 Audit)	<p>Follow Up 2021/22 - Update</p> <p>Ref 1 Outstanding Work Queue/Backlogs</p> <p>At the time of review the outstanding work is manageable and not considered to be a backlog. However, there were a handful of cases that are older than desired for Bromsgrove District Council (The bulk of the items within the work queue dated back 6 weeks for both Redditch Borough Council and Bromsgrove District Council).</p> <p>Ref 3 Dashboard – Performance Measures</p>	<p>This has the potential to increase the average processing times which are reported to Department Work & Pensions and published in the public domain which could lead to reputational damage and Department Working & Pensions intervention.</p>	<p>Follow up action completed. As per the previous management response. Continue to monitor workloads, identifying any cause for delays in processing to see if any further controls can be put in place to reduce times.</p> <p>Previous management action in progress As per the previous management response. Ensure there is commentary against the Change of Circumstance</p>	<p>Responsible Manager: We consistently monitor workloads alongside performance and accuracy. By doing this we are aware of natural annual peaks of work; annual upratings for example.</p> <p>We hold quarterly engagement calls with the DWP and they are pleased with our performance and all of their indicators show us as “green” meaning they have no concerns.</p> <p>The measures dashboard is updated and current, there can be some delay due to the publishing of DWP performance stats.</p>

		<p>A review of the Speed of processing for New Claims measure has not been updated with commentary since November 2022 for Bromsgrove and January 2023 for Redditch. There is no commentary against the Change of Circumstance speed of processing for both Authorities.</p>	<p>Lack of transparency and context which could lead to inaccurate assumptions by senior managers and Members that review this information and Service performance.</p>	<p>and New Claims speed of processing for both councils to ensure the measures are meaningful.</p>	<p>Implementation date: Ongoing action.</p>
New matters arising 2022/23 Audit					
2	M	<p>Backdating New Housing Benefit Claims</p> <p>Out of a sample of 25 claims for each authority, testing identified 2 New Claims for Bromsgrove District Council & 1 for Redditch Borough Council that were not backdated correctly.</p>	<p>Failure to apply the backdate correctly can result in an inaccurate award and subsidy loss to the Councils. Also, inaccuracies can increase external audit sampling and increase external audit costs to the Authorities for benefit work.</p>	<p>Feedback and provide training to agency workers on backdating claims. Check a sample of claims to ensure quality assure the accuracy.</p>	<p>Responsible Manager:</p> <p>There are different rules for HB and LCTS, and there are also different rules for working and none working age claimants meaning this is a complex area of work.</p> <p>We will undertake additional accuracy checks of new claims to make sure they are awarded from the correct date.</p> <p>We will also sample check from the subsidy claim of claims that have been processed as backdated to ensure these have been done correctly.</p>

					<p>From these checks we will be able to establish if the issue is isolated or a wider team issue.</p> <p>We will look to hold a quiz/workshop in a future team meeting as a training exercise.</p> <p>Implementation date:</p> <p>July 2023 - Ongoing</p>
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5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

APPENDIX B

Definition of Priority of Recommendations

Priority	Definition
H	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function, or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
M	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function, or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
L	Control weakness that has a low impact upon the achievement of key system, function, or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

Overview of 2023/24 Follow Up Programme

Appendix 4

	Year of Review	Review Area	Assurance	Follow Up Position	Indicative Date of Follow Up		Position and Conclusion
RBC	21/22	Procurement	Limited	2 nd	May-23	Q1	All points implemented – Report - Appendix 5 No further action required
RBC	21/22	General Data Protection Regulation	Moderate	2 nd	Jul-23	Q2	1 recommendation implemented and 2 partially implemented. Further follow up to be arranged and linked to GIS/Gazetteer Phase 1.
RBC	21/22	Asbestos	Significant	1 st	Oct-23	Q3	To be arranged
RBC	21/22	Gas Inspections	Significant	1 st	Oct-23	Q3	To be arranged
RBC	22/23	GIS/Gazetteer Phase 1	Critical Review	1 st	Jul-23	Q4	To be arranged and linked to the General data Protection regulation.
RBC	22/23	Accounts Payable	Moderate	1 st	Nov-23	Q3	To be included in 23/24 Audit

REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee

21st September 2023

	Year of Review	Review Area	Assurance	Follow Up Position	Indicative Date of Follow Up		Position and Conclusion
RBC	22/23	IT Review	Moderate	1 st	Jan-24	Q4	To be included in 23/24 Audit
RBC	22/23	Treasury Management	Significant	1 st	Jul-23	Q2	To be included in 23/24 Audit
RBC	22/23	Accounts Receivable	Limited	1 st	Dec-23	Q3	To be included in 23/24 Audit
RBC	22/23	Council Tax	Moderate	1 st	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	National Non-Domestic rates	Significant	1 st	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	Benefits	Significant	1 st	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	Workshop Licensing Compliance	Critical Friend	1 st	Dec-23	Q3	To be arranged
RBC	22/23	Fuel Usage and Efficiency	Moderate	2 nd	Aug-23	Q2	To be arranged
RBC	22/23	WRS- Animal License Activity	Critical Friend	1 st	Sept-23	Q2	To be arranged
RBC	22/23	Homelessness Grants	Moderate	1 st	Jul-23	Q2	To be arranged
RBC	22/23	Risk Management	Moderate	1 st	Sept-23	Q2	To be arranged
RBC	22/23	Payroll	Significant	1 st	Sept-23	Q2	To be included in 23/24 Audit

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Note:

There are no exceptions to report.

2023/24 Review areas will be added to the table when they become due for a follow up visit.

Follow Up Reports

There are no follow up reports to include in this report.

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REDDITCH BOROUGH COUNCIL**Audit, Governance &
Standards Committee****21st September 2023****Financial Compliance Report**

Relevant Portfolio Holder	Councillor Luke Court, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author: Michelle Howell	Job Title: Head of Finance & Customer Services Contact email: michelle.howell@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision / Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS**The Audit, Governance and Standards Committee RECOMMEND that:**

- 1) Progress on the 2020/21 Audit process be noted.**
- 2) Any areas of concern within this key compliance report are raised with Executive.**

2. BACKGROUND

2.1 From a Governance point of view, the financial frame work under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when. The Accounting Policies report which was tabled at the Audit, Standards and Governance Committee on the 23rd March 2023 set out the Financial Governance Framework, and associated references to key documentation, that the Council, its Member and Officers work to. These are (in summary):

- **The Budget and Policy Framework Procedure Rules.** These set out: The framework for Executive Decisions, Decisions outside the budget or policy framework, Urgent Decisions outside of the Budget or Policy Framework, Virement rules, In-year changes to policy framework and, Call-in of decisions outside the budget or policy framework. These rules set out how decisions can be made, by whom and how they can be challenged.
- **Financial Procedure Rules** which are set out in Part 14 of the Constitution. These “operational policies” run to 36 pages and set out how the organisation financially runs it’s “day to day” business.

REDDITCH BOROUGH COUNCIL**Audit, Governance &
Standards Committee****21st September 2023**

- **Finance Protocols** which set out requirements and expectations of the Finance Team and Services in terms of financial administration and demarcation of duties.
- 2.2 One of the legislative reporting requirements the Council has not achieved is the delivery of the 2020/21 Statement of Accounts. As such, the Council was issued with a Section 24 Statement. Bromsgrove District Council (BDC) were also issued with a Section 24 Statement for the same non delivery of the 2020/21 accounts which is understandable given that officers support both Councils via a shared service.
- 2.3 As reported in previous Audit, Governance and Standards Committee meetings in January, March, May and July draft 2020/21 accounts will be presented to the Council's External Auditors once they have completed their work on the data take on balances. An update on this work is contained in this report.
- 2.4 The 2023/24 budget was approved at Council on the 27th February 2023. An update on the "budget book", which will provide more clarity to Officers and Members, is contained in this report.

Legislative Requirements

- 2.5 The previous section sets out how the Council works, however equally important are the Central Government Legislative Requirements to which we deliver to and are compared to other Councils across the Council. This section lists those key deliverables.
- 2.6 The following are key legislative deliverables and the Councils delivery against them to June 2023:
- **Budget**
 - Delivered by 11th March in preceding financial year – ***delivered Feb 2023***
 - Council Tax Base – Yearly – ***2023/24 delivered in January 2023***
 - Council Tax Resolution – ***Yearly 2023/24 delivered in February 2023***
 - Council Tax Billing – Yearly (2 weeks before 1st DD is due to be taken) – ***Bills distributed in March 2023***
 - **Closure**
 - Draft 2022/23 Accounts delivered by end of July in order for 22/23 RO forms to be delivered.
 - Draft 2020/21 Accounts to be delivered to Audit following validation of the data take on balances for which work is currently ongoing.

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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- Audit Completed by 30th November ***but dependent on previous years being completed (see closure section)***
- **Government Returns**
 - VAT – Monthly
 - ***Still to be delivered for 20/21 – dependent on closure of accounts***
 - Revenue Outturn Reports – July
 - ***Still to be delivered for 20/21 and 21/22 – dependent on closure of accounts***
 - ***Draft 22/23 delivered in August 23***
 - Capital Outturn Reports – July
 - ***Draft returns for 20/21 and 21/22 submitted 7th July 2023, however final version still to be delivered – dependent on closure of accounts***
 - ***22/23 return delivered on 4th August 2023***
- Quarterly Revenue Outturn Estimates
 - ***Quarters 1-3 22/23 delivered (have warnings from previous year as not delivered)***
 - ***Quarter 1 23/24 delivered 18th August 2023***
- Quarterly Capital Outturn Estimates
 - ***Quarters 1-4 delivered (have warnings from previous year as not delivered)***
 - ***Quarter 1 23/24 delivered on 21st July 2023***
- Quarterly Borrowing Return
 - ***22/23 Quarterly Returns delivered***
 - ***Quarter 1 23/24 delivered on 7th July 2023***
- Quarterly Council Tax and Business Rates Returns
 - ***22/23 Quarterly Returns delivered***
 - ***23/24 Quarter 1 delivered on 11th July 2023***
- Whole of Government Accounts Returns – August
 - ***Still to be delivered for 20/21 – dependent on closure of accounts***
- RA – Revenue Budgets – April
 - ***2022/23 Delivered on the 5th May 2022 and 2023/24 delivered on 14th April 2023***
- Capital Estimates Return – March
 - ***23/24 delivered by 24th March 2023***
- Public Works Loans Board Certainty Rate – April
 - ***2022/3 delivered on 28th April 2022***
- Pooling of Housing Capital Receipts – May
 - ***2022/23 Delivered 13th May***
- NNDR1 Return (Business Rates) – January
 - ***Delivered December 2021 for 2022/23 and January 2023 for 2023/24 return***
- NNDR3 Return (Business Rates) – June and September
 - ***Delivered in June 22 for 2022/23***

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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- **Draft 22/23 NNDR3 provided to Worcestershire County Council for view of the pool. Final draft NNDR3 submitted to DLUHC by 18th May 2023**
- Housing Benefit Subsidy Return – Yearly
 - **21/22 - Sent 29th April 2022**
 - **22/23 subsidy return delivered on 28th April 2023**
- DHP Claim – Yearly
 - **21/22 - Sent 29th April 2022**
 - **22/23 – delivered on 2nd May 2023**
- CTB1 (Council Tax Base) – October
 - **Sent October 2022**
- CTR1 (Council Tax Requirement) – March
 - **22/23 sent 16 March 2022**
 - **23/24 sent 7 March 2023**
- **Policies**
 - Treasury and Asset Management Strategies
 - Initial Strategies as part of the MTFP – **2023/24 Strategy Approved in March 2023**
 - Half Yearly Report
 - **Update provided in Q1 Revenue Return**
 - Yearly Outturn Report
 - **To be produced in September**
 - Council Tax Support Scheme – Yearly – **Approved in Jan 2023 after consultation**
 - Minimum Revenue Provision – yearly – **Approved as part of the 2023/24 to 2025/26 Medium Term Financial Plan**

In addition to this list there are other ad-hoc returns required (which was especially the case during C-19)

2.7 At this point, it is also important to include key Council deliverables (financially and risk based)

- Financial Monitoring – **delivered quarterly to Executive – due to Summer Holidays Q1 23/4 will go to Executive in September.**
- Risk Management – **delivered quarterly to this Committee.**
- Financial Controls (still in development)
 - Clearance of suspense accounts - **return to being up to date expected by end of this calendar year**
 - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 items**
- Over £500 spending.
 - **Updated to July 2023**

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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2.8 The key returns that have still not been delivered are the Revenue Outturn forms for 2020/21 and 2021/22 and the VAT returns. We have now delivered the draft CO forms for 2020/21 - 2022/23 and the draft RO forms for 2022/23 however final CO and RO returns cannot be submitted until the accounts are audited. Although the Government now allow these returns to be completed based on estimates, the level of uncertainty due to the Cash Receipting means these cannot be completed until the External Auditors sign off the Councils take on balances and the Council provides the draft accounts to Audit for each Council.

Update on the Statement of Accounts

2.9 The key Closure deliverables for each financial year are set out below:

- Closure 2020/21
 - Agreement of Treatment of Take on Balances – This was expected to be completed by July, but joint work is still being undertaken by the Council and External Auditors to validate these balances.
 - Provision of Draft 2020/21 Accounts to Audit (to begin Audit) July 23. This is dependent on the External Auditors confirmation that they have approved both Council's take-on balances work. The auditors are having issues in how they need to test the transactional data due to their "normal" models not working on our data. Some transactional testing and data extraction has taken place in August but this has been limited.
 - 2020/21 Audit – September to November 23 (estimated)
 - Sign Off of 20/21 Accounts - November 2023
- Closure 2021/22
 - Updated Outturn position – August 2023
 - Draft Accounts to Auditors November 2023 (following external Auditors sign off of 20/21 Accounts)
 - Audit of Accounts December to April
 - Sign off of the Accounts – May/June 2024 (will need to be completed by 31st March)
- Closure 2022/23
 - Budget Manager Closure Training – 23rd-28th March 2023 – 83 staff attended closure training at the end of March.
 - Provisional Outturn Report – Executive Report for 12th September 2023. This will show the draft outturn as well as identifying transactions in suspense to be cleared. This will enable the 2022/23 Revenue Outturn Report to be presented to DLUHC.
 - Draft 2022/23 Accounts to Audit – June 24 (following External Auditors sign off 21/22 Accounts)
 - Sign off of the Accounts – November 2024 (will need to be completed by 30th September)

REDDITCH BOROUGH COUNCIL**Audit, Governance &
Standards Committee****21st September 2023**

2.10 The July report set out reservations across the Sector from Councils, Auditors, the Financial Standards Authority (FSA), Public Sector Audit Appointments (PSAA) and DLUHC on the delays in the Audit of Statutory Council accounts. There are over 500 Audit Opinions still outstanding for English Councils for 2021/22 and earlier. Add to this the 424 Audits due to be completed by November 2023 for the 2022/23 financial year, and a severe impact can be seen on the sector. Both the PSAA and FSA have highlighted the following key issues to be resolved including:

- Having a Workforce Strategy that improves attractiveness and prestige in the local government and audit profession.
- Identification of changes required to promote high standards and financial reporting and audit in the public interest.
- Creating a roadmap securing sustainable reforms underpinned by an agreed vision and purpose of financial reporting and audit.

2.11 At the Local Government Conference in July and subsequently, DLUHC have stated that they are moving to rectify these backlogs by changing how audits are performed over the medium term. DLUHC are concerned that the most time should be spent on auditing more recent accounts, so scopes of audits will be reduced (still to be confirmed) however Auditors will still be expected to serve S114 and other Statutory Recommendations. The governments' view is that Audits will be given statutory deadlines for completion as follows:

- 2015/16 through to 2019/20 must be signed off by the 30th December 2023
- 2020/21 and 2021/22 by the 31st March 2024
- 2022/23 by the 30th September 2024

Looking at these proposed timescales there will be the requirement to speed up slightly the agreed timetable we have agreed with our External Auditor by circa 2 months to deliver to these new statutory timetables. These timescales are expected to be agreed in September 2023.

2.12 We have upgraded the TechOne system, moving from the present version which is 20b to 23a over the weekend of the 7th to 10th July. This upgrade has given access to more functionality and resolve a number of issues being experienced which have been resolved in later issues of TechOne. We have only been able to upgrade the system following the resolution of cash receipting issues and movement of this part of the solution to steady state running.

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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- 2.13 Once the External Auditors sign off the data take on balances the draft 2020/21 Accounts will be submitted. The Council has not submitted them yet as if the External Auditors have issues with the data take on balances and the draft accounts had been submitted then this could lead to qualified accounts.
- 2.14 Work is under way on the 2021/22 Accounts although they cannot be finalised until the audit of the 2020/21 Accounts is complete.

Update On 2023/24 Budget

- 2.15 The Councils 2023/24 Budget was approved in February. Budgets are loaded onto TechOne and a draft budget book is now being prepared to assist in Members and Officers understanding of budgets.
- 2.16 Quarter One 2023/24 financial and performance monitoring will go to Executive in September.
- 2.17 A report went to Executive in July which set out new arrangements to managing projects as per the recommendation in the Audit Task Group Report that came to this Committee in March. Project updates will now be part of the quarterly finance and performance reporting.

Compliance Items

- 2.18 There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of the Draft External Audit Report 2020/21. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils. Not all these measures can be put in place instantly but there should be the full suite by the middle of the summer (Debt indicators depend on the clearing of suspense and the updating of the bank reconciliations).

Training:

- Number on Closure Training 23, 24, 27, 28 March – by Service Area – 83 attended.
- Mandatory Budget Manager Training (including the use of TechOne) – August /September after the upgrade - by Service Area – Corporate Finance team trained on budget loading processes in April but issues due to cash receipting changes have led to budgets were not loaded until June.
- Mandatory Financial Awareness Training – August/September after the upgrade – by Service Area
- Number on Payments Purchase Order Training (Monthly) by Service Area.

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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Errors:

- Non delivery of GPC Card Data (monthly basis) – will begin at the end of Quarter 1.
- Mis-codings on TechOne per month – by Service Area - will begin at the end of Quarter 1.

Procurement:

- The new 'No Compliance No Order' process has been live since April 2023.
- Many departments are now proactively getting quotations for lower value works. A lot of the issues we have are now training issues that are being resolved.
- The number of contracts in place is growing regularly and we are confident that this process is having a positive effect. We hope that eventually we get to the place where the number of orders coming to us is minimal.
- A report went to Executive in July setting out new government procurement requirements that the Council are addressing, many of which come into force on the 1st April 2024. The Q1 Finance and Performance Monitoring Report Finance which will go to Executive on the 12th September sets out:
 - All contracts requiring renewal over the next year that are over the £200k threshold.
 - All contracts between the old Threshold of £50k and £200k will be listed.
 - All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

Summary

- 2.19 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. A significant change since the July Report has been the new Government timescales to catch up on Audit delivery and the fact that the Council and its External Auditors will need to speed up their joint timetable by 2 months. This report is now updated for data as at the end of August and is delivered to each Audit, Governance and Standards Committee at Redditch to updates it on progress against targets and also alert them to any issues and risks.

REDDITCH BOROUGH COUNCIL**Audit, Governance &
Standards Committee****21st September 2023**

3. FINANCIAL IMPLICATIONS

3.1 This paper sets out the financial frameworks within which the Council works.

4. LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising as a result of this report, however the frameworks are generally linked to statute or the Council's Constitution.

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

5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the Borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

Climate Change Implications

5.2 There are no direct climate change implications arising as a result of this report.

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

6.1 There are no direct equalities implications arising as a result of this report.

Operational Implications

6.2 Operational implications have been dealt with as part of the 2023/24 MTFP, quarterly monitoring and the Closedown process.

7. RISK MANAGEMENT

7.1 The financial stability and sustainability of the Council is a core underlying theme of the Council's Risk Management Strategy.

8. BACKGROUND PAPERS

Accounting Policies Report – March, June and July 2023 – Audit, Governance and Standards Committee

Finance Recovery Report – June 2023 – Executive

Programme Management Office Requirements – July 2023 – Executive

Approvals to Spend Report - July 2023 – Executive

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**Audit, Governance &
Standards Committee****21st September 2023****Financial Savings Monitoring Report**

Relevant Portfolio Holder	Councillor Court – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author: Michelle Howell	Job Title: Head of Finance & Customer Services Contact email: michelle.howell@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision / Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance and Standards Committee RECOMMEND that:

1) Progress on 2023/24 Departmental Savings be noted.

2. BACKGROUND

- 2.1 As part of the 2023/24 budget, which was agreed at Council in February 2023, there were a number of savings options approved through the two tranche process to deliver the balanced budget for the year. Savings from both tranches of the budget process have been combined in Appendix A.
- 2.2 The Quarter 1 2023/24 Finance and Performance Monitoring report was on the Executive Agenda for the 12th September.
- 2.3 The financial section of the report sets out progress against budget. The £10.7m original revenue budget included in the table below is the budget that was approved by Council in March 2022. The projected outturn figure at Q1 is a £556k overspend. The overspend in general is due to:
- An assumption on the Local Government Pay Award, which at Circa 6% is significantly more than our 2% assumption.

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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Service Description	2023-24 Approved Budget	2023-24 Approved Budget Q1	Payroll Assumptions	Utilities Adjustment	Q1 Adjusted Spend	Q1 Variance to Budget	Full Year Variance to Budget
Business Transformation and Organisational Development	1,767,562	441,891	2,800		444,691	2,801	11,202
Community and Housing GF Services	1,608,893	402,223	22,200		424,423	22,200	88,799
Corporate Services	-1,558,136	-389,534	104,000		-285,534	104,000	416,000
Environmental Services	2,615,993	653,998	0		653,998	0	0
Finance and Customer Services	1,777,749	444,437	35,900		480,337	35,900	143,599
Legal, Democratic and Property Services	2,071,581	517,895	10,700	-42,500	486,095	-31,800	-127,201
Planning, Regeneration and Leisure Services	1,282,538	320,635	6,100		326,735	6,101	24,402
Regulatory Client	451,038	112,760	0		112,760	0	0
Rubicon Client	764,747	191,187	0		191,187	0	0
Starting Well	-32,000	-8,000	0		-8,000	0	0
	10,749,965	2,687,491	181,700	-42,500	2,826,692	139,200	556,801
Corporate Financing	-10,749,965	-2,687,491	0	0	-2,687,491	0	1
Overall Total	0	0	181,700	-42,500	139,201	139,201	556,802

2.4 The full year effect of a £556k overspend will need to be mitigated. In our original MTFP assumptions for 2023-26 we set up a Utilities Reserve of £1,710k which we assume reduces by £570k a year to mitigate increased costs. Given that this increase has not happened to this magnitude it is proposed in the Q1 Monitoring and Performance Report going to Cabinet that £556k of the assumed yearly drawdown of this reserve is used to mitigate the overspend position. **This leaves a break even position.** The ongoing 2023/24 pay increases position, once it is finalised and ratified later this year, would then need to be resolved as part of the 2024/25 MTFP process.

2.5 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There are three items highlighted in yellow which require careful monitoring.

- Service Reviews (£140k in 23/4)
- Finance Vacancies (£100k in 23/4)
- Capacity Grid old debt recoupmnt (£300k in 23/4)

3. FINANCIAL IMPLICATIONS

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has an estimated £2.571m in General Fund Reserves to cover one off issues, and £4.088m in Earmarked Reserves for specific purposes. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position. The £4.088m Earmarked Reserve position includes accounting for the full utilisation of the utilities reserve over the 3 year MTFP period.

**Audit, Governance &
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- 3.3 There should be clarity by the Q2 Finance and Performance Monitoring report, which will be reported to Executive in November, on the actual impact of the 2023/24 Pay Award.

4. LEGAL IMPLICATIONS

- 4.1 There are no direct legal implications arising as a result of this report.

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

- 5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

Climate Change Implications

- 5.2 The green thread runs through the Council Plan. 2023/24 savings options which had implications on climate change would have been addressed at that time.

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

- 6.1 There are no direct equalities implications arising as a result of this report. Any implications will have been dealt with as part of the 2023/24 Budget process.

Operational Implications

- 6.2 Operational implications will have been dealt with as part of the 2022/23 Budget process.

7. RISK MANAGEMENT

- 7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant affect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2023.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Bromsgrove Savings Monitoring 2022/23

**Audit, Governance &
Standards Committee****21st September 2023**

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Court	13/09/2023
Lead Director / Head of Service	Pete Carpenter	13/09/2023
Financial Services	Michelle Howell	13/09/2023
Legal Services	Claire Felton	13/09/2023

REDDITCH BOROUGH COUNCIL

**Audit, Governance &
Standards Committee**

21st September 2023

Appendix A – Redditch Savings Monitoring 2023/24

	2023/24 £000	2024/25 £000	2025/26 £000	RAG Status	Narrative
Phase 1 Savings					
Environmental Services Partnership	0	-25	-50		Future year
Service Reviews	-140	-330	-405		Being Monitored
Move to All Out Elections	0	0	-170		
Town Hall	0	0	-400		Future Year by Exec Report 12/9 sets out on Target
Finance Vacancies	-100	-100	-100		Being Monitored
MRP	-100	-100	-100		On Track for Delivery
Pension Fund	-580	-580	-580		On track as per actuarial triennial report
Engage Capacity Grid (One Off)	-300	-300	0		Being Monitored
10% Increase in Fees and Charges	-339	-340	-342		On Track - all implemented and being monitored
Tranche 1 Total	-1,559	-1,775	-2,147		
Phase 2 Savings					
Conversion of 50% of Utilities to a Reserve	-570	-570	-570		Reserve change done as part of 23/4 budget process
Correction of Salary £1,925 amount	-200	-200	-200		Based on actual salary amounts
Additional Pensions Savings	-221	-221	-221		On track as per updated actuarial triennial report
Tranche 2 Total	-991	-991	-991		
Total Departmental Savings	-2,550	-2,766	-3,138		

REDDITCH BOROUGH COUNCIL

**Audit, Governance &
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Government Funding					
New Homes Bonus	-19				As per Local Government Settlement
Services Grant	-86				As per Local Government Settlement
Funding Guarantee	-493				As per Local Government Settlement
C Tax Base Reduction	130				As per Local Government Settlement
Business Rates/Investment Inc Rebaseline	-466	-250	-250		As per Local Government Settlement
Future Years Settlements - assumption		-450	-450		Estimate - which 20% lower than 23/4 Amount
Total Government Funding	-934	-700	-700		

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE –
WORK PROGRAMME 2023-24**

21st September 2023

Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- Submission of Statements of Accounts (2020/21, 2021/22, 2022/23)
- Financial Savings Monitoring Report
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

23rd November 2023

Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- Submission of Statements of Accounts (2020/21, 2021/22, 2022/23)
- Risk Management Report / Corporate Risk Register
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

Other items:

- Annual Review from the Local Government Ombudsman

25th January 2024

Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- Submission of Statements of Accounts (2020/21, 2021/22, 2022/23)
- Financial Savings Monitoring Report
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE –
WORK PROGRAMME 2023-24**

21st March 2024

Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- Submission of Statements of Accounts (2020/21, 2021/22, 2022/23)
- Risk Management Report / Corporate Risk Register
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme