



Audit, Governance & Standards

Committee

Thu 23 Nov
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
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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.

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Meeting attendees are encouraged not to attend a Committee if they have any of the following common symptoms of flu or 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 and Standards Committee.

Notes:

Although this is a public meeting, there are circumstances when Council 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, 23rd November,
2023

7.00 pm

Council Chamber Redditch
Town Hall

Agenda

Membership:

Cllrs:	Ian Woodall (Chair)	Andrew Fry
	Jane Spilsbury	Chris Holz
	(Vice-Chair)	Anthony Lovell
	Salman Akbar	Emma Marshall
	Karen Ashley	
	Juma Begum	

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 5 - 16)

The minutes of the meeting of the Audit, Governance and Standards Committee held on 21st September 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 by 12 noon on Tuesday 21st November 2023. A maximum of 15 minutes will be allocated to public speaking.

5. Monitoring Officer's Report - Standards Regime (Pages 17 - 20)

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

To receive a report from the Feckenham Parish Council Representative on the Parish Council's Standards matters. (Oral report)

7. Joint Interim Auditor's Annual Report 2021-22 and 2022-23

(Report to follow)

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This report will be published in the Additional Papers Pack for this meeting.

- 8. Risk Management Report** (Pages 21 - 38)
- 9. Internal Audit Progress Report** (Pages 39 - 88)
- 10. Financial Compliance Report including update on Council's Statements of Accounts** (Pages 89 - 98)
- 11. Risk Champion Update**
- 12. Committee Work Programme** (Pages 99 - 100)



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Thursday, 21st September,
2023

MINUTES

Present:

Councillor Ian Woodall (Vice-Chair in the Chair) and Councillors Karen Ashley, Andrew Fry, Chris Holz, Anthony Lovell, Emma Marshall, Jane Spilsbury and Sharon Harvey (substitute).

Also Present:

Councillor Luke Court – Portfolio Holder for Finance and Enabling
Jackson Murray – Key Audit Partner, Grant Thornton (on Microsoft Teams)

Officers:

Michelle Howell, Peter Carpenter (on Microsoft Teams), Claire Felton (on Microsoft Teams) and Andy Bromage (on Microsoft Teams)

Democratic Services Officers:

Mat Sliwinski

28. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from the Chair of the Committee, Councillor Begum and Councillor Akbar. Apologies were also received from the Feckenham Parish Council representative, Dr. Hugo Hammersley. Councillor Harvey attended the meeting as a substitute for Councillor Begum.

In the absence of the Chair, the Vice-Chair of the Committee, Councillor Woodall, presided over the meeting.

29. DECLARATIONS OF INTEREST AND OF PARTY WHIP

Councillors Emma Marshall and Karen Ashley declared other disclosable interests in Minute Item 33 – Dispensations Report –

Chair

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Individual Member Dispensations – due to having applied for individual dispensations which the Committee would consider under this item. They left the meeting during consideration of the item and took no part in the debate nor vote thereon.

30. MINUTES

The minutes of the Audit, Governance and Standards Committee meeting held on 27th July 2023 were submitted for Members' consideration.

RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on 27th July 2023 be approved as a true and correct record and signed by the Chair.

31. PUBLIC SPEAKING

There were no registered public speakers on this occasion.

32. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Monitoring Officer introduced the Monitoring Officer's report and in doing so reported that no complaints had been received at the time the report was finalised. However, Member complaints had been received subsequently and these would be reported at the next Committee meeting.

With regards to issues reported to this Committee in relation to the use of Social Media, the Committee was advised that training with Inspector Richard Field of West Mercia Police had to be rescheduled from 12th October 2023 to a date in November 2023. Members would be advised of the rescheduled date in due course. Members were advised that the Monitoring Officer felt the training on the use of Social Media was necessary as there had been a number of complaints received from Members on this issue over the past year.

RESOLVED that

the Monitoring Officer's report be noted.

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33. DISPENSATIONS REPORT - INDIVIDUAL MEMBER DISPENSATIONS

The report on individual member dispensations was introduced and it was noted that the purpose of this report was for the Committee to make a decision on whether to grant dispensations that had been submitted in writing to the Monitoring Officer since the last meeting, with a full list of requests included in the appendix to the main report. It was noted that dispensation requests granted at the last Committee meeting were also included in the appendix for information.

During the discussion, it was commented that dispensations provided an opportunity for a context-based approach as to when Members should and should not be taking part in discussions on items of business. It was highlighted that the granting of a dispensation did not mean an automatic right to participate in all circumstances relating to the subject of the dispensation as there would still be circumstances where the interest concerned would be judged such as to preclude the Member concerned from participation.

RESOLVED 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.**

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**34. 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.

**35. GRANT THORNTON - EXTERNAL AUDIT PROGRESS REPORT
AND SECTOR UPDATE**

The External Auditor from Grant Thornton presented a report on progress in delivering the external audit function for the Council and provided a wider audit sector update.

It was noted that the issues with 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 were summarised at the last Committee meeting on 30th May 2023.

It was noted that some progress had been made since that meeting. The External Auditors were able to verify and gain assurance that data reports from the legacy eFinancials system for periods 1 to 11 of the 2020-21 financial year provided real financial data. The data for periods 1 to 11 was now available in the format appropriate for its audit.

It was not possible to date for the Council to provide auditors with data included in period 0 of 2020-21 financial year. As a result, External Auditors had not yet been able to undertake any work on the balance sheet as period 0 transactions were critical for understanding the balance sheet position (the opening position). The Council continued attempts to reinstate their business objects licence for the eFinancials system in order to run a period 0 report and export it into an excel file, as currently the SQL script was returning nil entries for period 0. This would enable work on verification of period 0 balances to be started.

It was reported that the External Auditors would resume work on the 2020-21 financial statements audit in October 2023, with the timeline for audit completion now estimated to be February 2024. This would also delay the predicted dates for completion of audit of accounts for 2021-22 financial year.

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It was stated that a joint Auditors Annual Report for 2021-22 and 2022-23 financial years would be prepared and it was expected that this would be reported to the Audit, Standards and Governance Committee in this calendar year. It was noted that issues with respect to a lack of timely and relevant financial monitoring reporting that were identified in the interim Auditors Annual Report for 2020-21 had now been largely addressed through regular financial monitoring reports to Members. However, this would again be reported as a governance weakness in the Joint Auditors Annual Report for 2021-22 and 2022-23 because this concerned the financial year 2021-22.

It was reported that the External Auditors had certified the Authority's annual Housing Benefit Subsidy claim as in accordance with procedures agreed with the Department for Work and Pensions (DWP). No significant issues were reported with the claim report.

It was noted that due to the delays in financial reporting of the Council and the likely challenges of auditing transactions processed in the new ledger system, the audit fee could exceed £100,000. Any proposed fee variations would first be discussed with Council management before consideration by Public Sector Audit Appointments (PSAA).

Following the report presentation, Members asked a number of questions of the External Auditors and Council Officers to which the following responses were provided:

- In respect of the possibility of the External Auditors not being able to obtain verifiable financial data for period 0 of the 2020-21 financial year, it was stated that the worst-case scenario would be that the Council is issued with a qualified opinion on its 2020-21 Statement of Accounts. It was reiterated that the issue concerned retrieving transactional data in an appropriate format rather than the fact that the data was missing. The External Auditor stated that at this point their expectation was that conclusion on data migration would be in place by the time the auditors resumed their work on the Council's financial statements in October 2023. Officers added that the licence with the providers of legacy ledger system, eFinancials, had now been reinstated for 5 years, which was to allow the Council to regain access to business object reporting data on that system with respect of period 0 of 2020-21 financial year. Two more technical

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experts would also be engaged by the Council to speed up work in this area.

- It was explained that one of the key recommendations issued by Grant Thornton as part of the Section 24 Notice issued to the Council related to the need for Council to reinstate its financial monitoring reports. It was stated that after the transfer into the new TechnologyOne ledger system in February 2021 the Council undertook no financial monitoring reporting to the Executive Committee until a report was provided in April 2022 when the financial recovery programme was started. Since then, there had been quarterly financial and performance monitoring reports received by the Executive Committee and Budget Scrutiny Working Group. Officers explained that the historic reason behind the pause in finance reporting to Members was related to capacity issues within the Council's Finance Team with the vast majority of staff members who implemented the TechnologyOne ledger system leaving the organisation. There were only four members of staff left in the whole Corporate Finance Team by March 2022 which added to issues with resolving issues with the new ledger system implementation.
- With respect to the July 2023 meeting between the External Auditors and key members of the Council's finance team, ICT, and the project manager involved in the implementation of TechnologyOne ledger system, it was questioned why representatives from the company (TechnologyOne) were not in attendance. It was explained that because the Council had a 'software as a service' contract with TechnologyOne, the company's representatives were not obliged to attend Council's internal or committee meetings.
- Officers reported that the 'software as a service' contract arrangements with TechnologyOne enabled Council Officers to raise issues with the provider but there was an expectation that Council staff would become trained to be able to resolve many of the issues with the system. It was also reiterated that Redditch and Bromsgrove were the only local authorities in the UK using TechnologyOne cash receipting solution which created difficulties in terms of sharing knowledge or accessing other forms of support.
- The Committee was reassured that there were currently no plans to issue another Section 24 Notice to the Council as information regarding the situation were already known to the public through the Section 24 Notice issued in October 2022.

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It was noted that the Council had made progress in addressing the recommendations of the Section 24 Notice.

- It was stated that the Council was reticent to provide 2020-21 Accounts for final external audit until data take-on balances had been agreed between the Council and the External Auditors.
- Officers explained that a full review of the Council's implementation of the TechnologyOne ledger system was undertaken by Bromsgrove District Council's Audit Task Group, with the Task Group's final report accepted by Redditch Borough Council for implementation.

During the discussion, some Members expressed concern about the situation and the reputational risk that had occurred as a result of the Section 24 Notice and the ongoing problems with providing outstanding financial statements for audit. The Portfolio Holder for Finance and Enabling was invited to address the Committee and stated that progress on resolving issues with audits of the Council's statements of accounts had not been as fast as hoped for. However, it was important to separate the audit process from the budget situation, with the Council being in a reasonable budgetary situation.

RESOLVED that

the report be noted.

36. INTERNAL AUDIT PROGRESS REPORT

The Committee received an Internal Audit Progress Report from the Head of Worcestershire Internal Audit Shared Service. The report before the Committee summarised progress made against the delivery of the Internal Audit Plan 2023/24 as to the end of July 2023. It was noted that there were residual reviews to complete from the 2022/23 Plan with one review finalised since the last Committee meeting relating to Benefits and further three reviews awaiting management sign off.

Regarding the 2023-24 Internal Audit Plan there was a small delay reported in July to two areas of audit work due to a key officer on extended leave. These two areas would be progressed within the next quarter.

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The Committee was updated that the audit of Mayoral Accounts requested at previous meetings was now completed and at draft report stage. The final review report would be presented at the next meeting of the Committee.

It was reported that National Fraud Initiative (NFI) data set uploads were planned for December 2023 and January 2024. The results from the 2022/23 uploads were currently being investigated by the various Service areas who were investigating and taking appropriate action on the results.

It was noted that no follow up audits were included in the documents for this Committee meeting but several follow up audits were due which would be reported to the next Committee meeting. There were no exceptions to report at this meeting.

The Head of Worcestershire Internal Audit Shared Service commented that routine meetings with the Head of Finance and Customer Services continued to provide ongoing monitoring of the situation around the financial ledger system.

Following the report presentation, the Committee discussed a number of matters relating to the report with the following comments and answers to questions noted:

- A detailed debate took place around paragraph 8.1 of the report around main risks associated with the details included in the internal audit report, namely the risks of the internal audit programme of work being insufficiently completed for the financial year so that annual opinion could not be given and that a continuous provision of an internal audit service could not be maintained.
- It was highlighted that this was a standard section within internal audit reports underlining the worst-case scenario risks for the delivery of the service – it was a list of inherent risks for internal audit. Members raising this question commented that this was understood, however, given that only 49 out of 365 allocated internal audit days were used to end of July 2023 was a cause of concern and needed to be highlighted as a real risk. It was also suggested that the reporting format be updated so that Members had a clearer idea from the reports about the state of delivery of the internal audit plan.

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It was requested as an action for Officers that a short paragraph summarising progress against the Internal Audit Plan be included together with summary dashboard table (under section 2 – background) in future iterations of the Internal Audit Progress Report. It was commented that this would enable Members to understand the real progress more clearly against the delivery of the Internal Audit Plan.

RESOLVED that

the report be noted.

37. FINANCIAL COMPLIANCE REPORT INCLUDING PROGRESS UPDATE ON STATEMENTS OF ACCOUNTS

The Head of Finance and Customer Services presented the Financial Compliance Report and in doing so noted that this report was part of the Financial Recovery Programme agreed by the Executive Committee in September 2022.

It was highlighted that the key issue remained the closure process for 2020-21 Statement of Accounts with work still to be undertaken by the Council and the External Auditors to validate the take on balances. Given this, it was now expected that the anticipated sign-off dates for 2020-21, 2021-22 and 2022-23 Accounts would be later than previously reported.

It was noted that a number of key legislative deliverables had recently been submitted to Central Government, however, the key returns that remained outstanding for the Council were the Revenue Outturn forms for 2020/21 and 2021/22 and the VAT returns. The draft Capital Outturn forms for 2020/21 through to 2022/23 had been submitted, however, the final Capital Outturn and draft Revenue Outturn returns could not be submitted until the 2020/21 Accounts had been audited.

It was reported that measures were in place to improve procurement processes including the 'No Compliance No Order' process that had been live since April 2023, and all contracts requiring renewal over the existing £50,000 key decision threshold being reported to the Executive Committee through Finance and Performance Monitoring Reports.

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It was reported that there were provisional plans for the Department for Levelling Up, Housing and Communities (DLUHC) to introduce backstop dates for when audits of accounts had to be completed with provisional deadlines for local authorities to have audits of 2020-21 and 2021-22 statements of accounts signed-off by auditors before 31st March 2024. It was reiterated that this measure was not yet in place and would require a change in legislation in order to come into effect. However, if the plans were to be implemented, the Council would need to speed up its audit process to avoid missing the deadlines and receiving qualified opinions on the accounts.

Questions were raised as to whether the Council had the capacity to speed up its audit process if this was necessary. In response, it was reported that the Council recently employed two technical accountants. However, it was highlighted that if the plans were to pass into legislation, this would represent a significant issue for the Council as the Accounts were interlinked across years and the Council had yet to resolve the situation regarding data take on balances for period 0 when the financial ledger system change took place in February 2021.

It was noted that if the statutory audit deadlines were to be implemented, there would be implications for local authorities in terms of accessing credit and finding contractors and it was highlighted that there were still over 500 outstanding local authority audits and given the backlog and capacity issues across the public audit sector, it was difficult to see how the deadlines proposed could be met by local authorities across the country.

During the discussion, a recommendation was proposed to the effect that in relation to the plans for introduction of statutory deadlines for completion of outstanding local authority audits, the Executive Committee ensure this was included on the Corporate Risk Register and that the Portfolio Holder for Finance and Enabling be asked, through the Local Government Association (LGA), to request the Government to provide a timeframe for when this legislation might come into effect. The recommendation was put to the vote, and it was:

RECOMMENDED

In relation to the proposed plans by the Department for Levelling Up, Housing & Communities (DLUHC) to tackle the

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backlog in local government audits by setting statutory deadlines for historic accounts to be cleared:

- 1) That the Executive Committee ensure that the possibility of legislation being passed to speed up the local authority audit process be noted on the Council's Corporate Risk Register;**
- 2) That the Portfolio Holder for Finance and Enabling be asked to lobby the Government through the Local Government Association (LGA) to provide a timeframe for when this legislation is to come into effect.**

RESOLVED that

progress on the 2020/21 Audit process be noted.

38. FINANCIAL SAVINGS MONITORING REPORT

The Interim Director of Finance introduced the report and in doing so explained that as per the Quarter 1 Finance and Performance Monitoring Report that was considered by the Budget Scrutiny Working Group and the Executive Committee, the projected outturn figure at Q1 was an overspend of £556,000. This was primarily due to an assumption on the Local Government Pay Award, which at circa 6 per cent was significantly more than the 2 per cent assumption that was originally made.

In response to a question about future budgets needing to account for staff costs increases, Officers reported that in the next year's budget process the wage inflation assumption would be put at 3 per cent to better factor for the possibility of another high local authority pay award.

It was highlighted that there would be significant savings made this financial year as a result of the favourable outcome of the triennial pension fund valuation. This savings would occur in financial years 2023-24, 2024-25, and 2025-26 with the outcome of the next triennial valuation to have effect from 2026-27 financial year.

It was noted that Departmental Savings were on track for delivery, however, there were three items highlighted in yellow at Appendix 1 which required careful monitoring. These were Service Reviews (expected saving £140k in 23/4), Finance Vacancies (expected

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saving £100k in 23/4), and Capacity Grid old debt recoupment (£300k in 23/4). For Capacity Grid £175,000 out of £300,000 anticipated for recoupment was included in the financial plans.

RESOLVED that

progress on 2023/24 Departmental Savings be noted.

39. RISK CHAMPION UPDATE

Councillor Marshall reported that in respect of her role as the Council's Risk Champion she met with the Council's Interim Director of Finance and Section 151 Officer to discuss the risks on the Corporate Risk Register. It was highlighted that all Members and Officers could take action to help the Council reduce the cyber-security risk by being aware of how to identify and deal with phishing emails. Councillor Marshall reported that she would be meeting with Heads of Service to discuss Departmental Risks and mechanisms in place or to be implemented to safeguard against escalation of Departmental Risks to Corporate Risks. It was also the intention of these meetings to look at and reiterate the role of internal audit within departmental governance arrangements.

RESOLVED that

The Risk Champion Update be noted.

40. COMMITTEE WORK PROGRAMME

The contents of the Audit, Governance and Standards Committee's Work Programme were considered.

RESOLVED that

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

The Meeting commenced at 7.00 pm
and closed at 8.42 pm

**Audit, Governance &
Standards Committee****23rd November 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****23rd November 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.

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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 was now scheduled to be delivered by Inspector Richard Field, of West Mercia Police, on 11th January 2024.

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 to take place throughout the 2023/24 municipal year.
- 6.4 At the latest meeting of the Member Support Steering Group, held on 12th October 2023, Members considered responses to a survey on the subject of the Member induction process that had been received from Councillors elected in May 2023. The feedback provided will help to inform preparations for the Member induction process in May 2024.
- 6.5 The next meeting of the group is due to take place on Thursday 7th December 2023. At this meeting, Members will consider the draft induction programme for councillors due to be elected in May 2024.

Constitutional Review Working Party

- 6.6 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. The group continues to meet on a regular basis.

Member Training

- 6.7 Following the local elections in May 2023, a comprehensive Member training programme was arranged for both new and returning Members.

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6.8 The training sessions and Member briefings that have recently taken place or are due to take place soon include:

- Emergency Plan Training – Wednesday 15th November
- Redditch Members' Social Media Training – Thursday 16th November 2023
- Member Briefing – Agile Working Policy – Thursday 7th December 2023
- Member Safety Training – Tuesday 19th December 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.

Background Papers: Chapter 7 of the Localism Act 2011.

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Luke Court - Portfolio Holder for Finance and Enabling	15/11/2023
Lead Director / Head of Service	Claire Felton - Head of Legal, Democratic and Property Services	14/11/2023
Legal Services	Claire Felton - Head of Legal, Democratic and Property Services	14/11/2023

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023****Quarterly Risk Update**

Relevant Portfolio Holder	Councillor Luke Court
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell, Head of Finance and Customer Services
Report Author Peter Carpenter	Job Title: Interim S151 Officer Contact Pete Carpenter email: peter.carpenter@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	Aspiration, work and financial independence
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY

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

2. RECOMMENDATIONS

The Audit, Governance and Standards Committee is asked to consider:

- The present list of Corporate and Departmental Risks and request any additional risks to be considered.

3. KEY ISSUES**Background**

- 3.1 In 2018/19, an audit of Risk Management provided an assurance level of limited assurance due to weaknesses in the design and inconsistent application of controls. As a result of the audit, a review was commissioned and undertaken by Zurich Municipal to consider the Council's risk management arrangements and to advise of any recommendations. In response to the Zurich review a Risk Management Strategy was produced for both Bromsgrove District Council and Redditch Borough Council.
- 3.2 A follow-up review was carried out by Internal Audit in March 2021 (Final Report June 2021) with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given.

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- 3.3 This is now the Fifth cycle of reviewing Corporate and Departmental Risks since the original baselining of Risks in April 2022. Over this period, we have seen:
- Departmental ownership of risks and reviews at Management Teams on a monthly basis.
 - Active review, mitigation, and reduction of risks – ensuring they become managed as part of business as usual.
 - Updating of the 4Risk System – as the Authorities repository of this information.
 - That the Officer Risk Group have actively reduced risk numbers through their work and that a common approach to risk is now being embedded within the organisation.
 - That the Risk Level has moved to a **Moderate Assurance** in May 2023.

The Definition of a Corporate Risk

- 3.4 The Council has existing Corporate and Departmental Risks. Members of the Risk Board were not sure of the link on how Risks on system had become Corporate in nature.

- 3.5 The following definition of a of how Risks move from being “departmental” to being “corporate” in nature was recommended by the Risk Group and approved by CMT.

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

- 3.6 At the June 2022 Officer Risk Board it was agreed that “Green” Departmental Risks should be taken off this list if they have been to two consecutive meetings and mitigating actions have been fully put into place for them. This report takes account of this requirement being 5 meetings since the original baseline was reported.

Corporate Risks

- 3.7 Corporate Risks are summarised in the following table. There have been no changes in their number since the meeting in March. As the table below highlights, a number of the risks have moved from due increased risk in those areas despite all the mitigations we have and are putting in place.

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Council	Pos Q2	Pos Q1	Corporate Risk Description
Both	COR 9	COR 9	Non Compliance with Health and Safety Legislation
Both	COR 10	COR 10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence
Both	COR 14	COR 14	Non adherence with Statutory Inspection Policy
Both	COR 15	COR 15	Impact from Changes to Partner Funding Arrangements
Both	COR 16	COR 16	Management of Contracts
Both	COR 17	COR 17	Resolution of the Approved Budget Position
Both	COR 18	COR 18	Protection from Cyber Attack
Both	COR 19	COR 19	Adequate Workforce Planning
Both	COR 20	COR 20	Financial Position Rectification
Both	COR 22	COR 22	Delivery of Towns Fund, UK SPF Initiatives
Both	COR 23	COR 23	Cost of Living Crisis
Both	COR 24	COR 24	New Customer Facing Interface

Note, Appendix A sets out the complete listing of Departmental Risks. These have been linked to Corporate Risks where relevant.

3.8 Mitigating factors for the Corporate Risks are:

Non-Compliance of Health and Safety Data Standard Operating Procedures - SOP (H&S etc) Health and Safety Committee meets regularly H & S training for staff Health checks DSE assessment and reporting software First Aid training in place Safeguarding Policy and procedures Risk Assessments Updated inspection policy Regular review of policies Continued updates to Health and Safety Committee Data on intranet.

There are 4 departmental risks linked to this corporate risk.

Projects being informed by robust data and evidence –

Executive have now approved an updated Project Management Process and extra resource, based on work initially highlighted by the Audit Task Group work in February 2023. Due to this risk level has reduced from Amber to Green.

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Non Adherence with the statutory inspection policy - Specialist resource in place to support delivery actions.

- Further review of monitoring arrangements
- Further implementation of insurance recommendations
- Contracts reviewed to ensure suppliers undertake roles
- Training plan developed to ensure staff clear of responsibilities
- Development of robust action plan

There are 11 departmental risks linked to this corporate risk. Should this not be delivered the consequences as significant, including death.

Impact from changes to partner funding arrangements - Council Members are on WRS Board and S151 Officer is the S151 Officer for the WRS therefore will know of issues well before they happen. There is a reserve, which required approval for use from all partners. This remains a Corporate Risk as the impact of a partner leaving or stopping services might make delivery unviable for others. This has been increased to an amber rating due to budgetary pressures at Partner organisations that could impact service delivery and costs.

Management of contracts - Procurement Strategy updated by C Young and training provided. Service Protocols, setting out expectations of service user and procurement went live 1st Jan 23 and now being monitored. No PO No Pay Policy went live on the 1st April 2023 and reports went to Executive in July setting out new requirements in terms of contracting and transparency for the upcoming year as part of the quarterly Finance and Performance Report.

Resolution of the approved budget position - MTFP process now 2 stages. 2023/4 budget was approved in February 2023. Final MTFP contains S151 Officer's robustness statement which is key to sign off of a robust sustainable budget. Budget Scrutiny working group scrutinises proposals before Executive. Same process will be used for the 2024/5 budget process.

Protection from cyber attack – weekly penetration test, annual PSN Security Audit, regular internal audits, occasional LGA audit, Cyber Insurance requirements. In addition, we are also implementing KnowBe4, a new software tool for both officers and Members. Cyber Insurance has also been extended for a further year but importance and risks in this area have moved this risk to red despite all the mitigations in place.

Adequate workforce planning - Workforce plan was launched in the summer and service who now know their high risk areas and the wider scheme. The challenges remain on delivering to these high risk areas. Three departmental risks are linked to Workforce Planning. There is now a specific workstream, linked to Projects risk, on the implementation of this initiative.

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Financial position rectification - External Audit reports financial recovery process Reporting to Executive, Audit & Council. Risk has now been updated to Red due to lack of clarity from the Government over Audit deadlines and the significant risk that the Council will run out of time for the 20/21 and 2021/22 Audit processes. Quarterly reporting is taking place and Council is delivering to the Key Recommendations of the 2020/21 Draft External Audit Report. There are still issues in relation to debt management which will remain until the suspense accounts are cleared which is programmed to take place by the end of the Calendar year (December 2023).

Delivery of Towns Fund, and UKSPF Projects – Six Weekly project Board overseeing all projects Formal governance structures for Towns Fund projects. The biggest issue in all these workstreams remains delivery before the funding deadlines and present cash flow show 1 project out of the 3 not being able to deliver within present Grant Funding timescales. This was raised by multiple Councils at the Towns Fund Conference in Manchester on the 20th June and again during the “Deep Dive” review of Redditch Towns Fund processes in the Summer. However, there is still no guidance and the Council carries the significant risk of having to fund projects after the grant funding closure dates.

Cost of Living Crisis - Housing Register Access to Housing Benefit and Universal Credit Council budget. We are also noting an increase in insurance claims due to fires which are linked to this.

New Customer facing interface - Presently delivered by a number of systems that are not linked together and require manual intervention for internal reporting. This has increased in risk to Red due to the volume of work required in relation to the ensuring the Council’s data is up to date and can be used directly by our customers in self service interfaces.

It should be noted that another potential corporate risk, where government guidance is just about to come out, in relation to terrorism protection.

Departmental Risks

- 3.9 The Council procured the 4Risk system to manage its risks. Risks are subdivided into Corporate Risks and then Departmental Risks. Each risk has an individual record applied to it to ensure all the pertinent information is captured.

The original Risk Baseline in April 2022 was (as shown in Appendix B):

- 119 Departmental Risks – 16 Red, 42 Amber, 61 Green
This reduced through the first set of reviews in June 2022 to:
- 96 Departmental Risks – 3 Red, 36 Amber, 57 Green
The next set of reviews in September reduced this number further to
- 83 Departmental Risks – 4 Red, 26 Amber, 53 Green

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The third Set of reviews in December reduced this number to

- 62 Departmental Risks – 1 Red, 27 Amber, 34 Green
The fourth Set of reviews in March reduced this number to
- 58 Departmental Risks – 1 Red, 31 Amber, 26 Green
The fifth set of reviews in June reduced this number to

3.10 Position as at the 22nd June 2023

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	6	13
Finance	0	2	0	2
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	10	5	15
Community Services	0	1	3	4
HR	0	0	1	1
Total	1	31	19	51

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

3.11 Position as at the 30th September 2023

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	6	13
Finance	0	1	1	2
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	10	5	15
Community Services	0	1	3	4
HR	0	0	1	1
Total	1	30	20	51

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- 3.12 The table at Appendix A sets out the detail of these departmental Risks and links them where relevant to Corporate Risks.

The Red Risk continues to be REV7 - Revenues - Performance Indicator data is not robust.

WRS risks, as per their Board Pack for June 2023 are attached at Appendix C.

- 3.13 This report sets out the position a year following the initial baselining of council risks. This is the fifth review, following the implementation of the Action Plan due to the “No Assurance” internal Audit reports. The key point a year in is to ensure that risk management is embedded within the organisations:

- Officer Risk Board continues to take place quarterly (8th April 2022, the 22nd June, the 21st September, the 21st December, 22nd March, 22nd June, 20th October) to embed processes and validate Risks on the register.
- Each department has nominated a representative to a Risk Board. These report back to management teams who ensure Departmental Risk Registers are updated at least quarterly and discussed at management teams monthly.
- The Audit Committee reviews the Risk Registers on a quarterly basis. These reports have also been presented to Executive although this will stop after June 2023 as this should be a function of the Audit Committees.
- CMT are updated on risk management issues in their monthly “assurance” meeting, which is a week after the Risk Board meets on a quarterly basis.
- The Corporate Risk Register is now discussed as an early item on the agenda at meetings of the Audit, Governance and Standards Committee, as per the Audit Task Group’s recommendation.
- The Risk Level has moved from a Limited Assurance in March 2022 to a Moderate Assurance in May 2023.

In terms of departmental lists:

- 3.14 Community risks, even though many are green, are still all relevant as departmental and cannot be moved to the lower level of “business as usual”. The most significant risk is now the Safeguarding Risk which affects all service areas. It was noted that the movement of CCTV to the 4th Floor of the Town Hall has been successful, although the risk here is the works carried out in upgrading networks under streets and how these changes can affect the lifeline system.
- 3.15 The majority of Housing risks are compliance and/or Health and Safety led. We noted in the March report the issues in relation to “disrepair” claims (60), fires in premises, which has increased significantly over the past 2 years, and due to cost of living, the volume of tenants who now have no Council contents insurance. A report went to CMT on the 21st June setting out a new structure to facilitate improved housing repairs and maintenance. There is still significant work being undertaken at St Davids.

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- 3.16 The Building Control risk will become more focused towards the end of the financial year as if Building Control staff are not accredited, we cannot use them. This will also possibly limit the number of staff available in the agency market.
- 3.17 It should be noted that the Members Data Protection risk in ICT clearly depends on Members undertaking the training. Given the significant cyber risks faced by Council's, as noted in the Corporate Risks section, it is important Members engage to mitigate this risk. Using KnowBe4 will assist in mitigating this risk. As noted earlier, the Council have successfully renewed their cyber insurance policy.
- 3.18 With Property, the biggest risk we face in the future is the new works in the Town Hall. The NHS have in the main mitigated noise but once these works start there will be the requirement to decant members and officers for the build period. We are reviewing all our assets as there is a significant impact on EPC (Energy) ratings and what will be allowable after 2026. This could have significant cost impacts for the Council.

Insurance

- 3.19 We have successfully renewed our Cyber insurance. It seems that the markets have settled down following the issues we had in renewing in 2022 and the premium has only increased marginally.
- 3.20 The Council are in their final year of the present insurance contracts. These will be renewed next year – this process is a joint process delivered across all districts in Worcestershire. An issue remains Property values, as there are now significant differences between asset values and insurance re-instatement values.
- 3.21 We are seeing significant increases in fires, which are mostly linked to electrical equipment. This will affect the Property renewal figures.

The Risk Management Framework

- 3.22 Risk Management Training. Given the active management of risks by service departments, we have seen numbers of departmental risks reduced by over 50% although Corporate Risks have increased by 20%. There is the requirement for Corporate Risk training (Members and Officers) and existing processes need further embedded in the organisations to increase assurance.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Financial Implications

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

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee**23rd November 2023**6. Strategic Purpose Implications****Relevant Strategic Purpose**

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

Climate Change Implications

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

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

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

Operational Implications

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

8. RISK MANAGEMENT

- 8.1 This report is about Risk Management.

9. APPENDENCES

Appendix A – Present Departmental Risks
Appendix B – Previous Risk Management Reports
Appendix B – WRS Risk Report

AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023****Appendix A - Present Departmental Risks**

Council	Q2	Q1	Risk Description	Corp Risk
Both		BEN 1	Fail to effectively resource the service to meet demand	COR 9
Both		BEN 3	Impact of Welfare Reform Act	
Both		BEN 6	Impact of ELF scheme	
Both		BEN 7	Benefits subsidy	
Both		BEN 9	Failure to meet Audit requirements	
Both		CUS 3	Failure to deal with complaints to customers satisfaction	
Both		CUS 7	RBC/BDC Fail to ensure the adequate security arrangements for Customer Service Centres	COR 9
Both		REV 4	Failure to effectively manage change	
Both		REV 7	Performance Information data is not robust	
Both		REV 11	Reduced collection rates	
Both		REV 12	Failure to meet Audit requirements	
Both		REV 16	Maintenance and Recovery of Collection Performance Post Covid	
Both		REV 17	Failure of corporate Fraud and Compliance team	
Both		FIN 1	Fail to provide adequate support to managers to manage their budgets	COR10
Both		FIN 4	Fail to effectively manage high value procurements resulting in breach of EU procurement rules.	COR16
Both		ENV 7	Fail to adequately maintain and manage car parking and On Street enforcement	
Both		ENV 9	Avoidable damage to fleet arising from staff behaviour and none compliance	
Both		ENV 10	Fail to ensure adequate Health & Safety across the service	COR 9
Both		ENV 11	Fail to engage with the WCC regarding land associated with highway maintenance	
Both		ENV 20	Workforce planning	COR19

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Both		ENV 22	PDMS - New Environmental database	
Both		L&C 2	Fail to ensure the health & safety of the Public / Staff and visitors using services (meeting regulatory requirements)	COR 9
Both		LED 9	Failure to ensure that Council Owned buildings, Property Assets and Facilities remain fit for purpose now and for the future.	
Both		LED 10	Fail to optimise the income from Commercial properties	
Both		LED 11	Fail to effectively manage property assets	
Both		LED 12	Fail to effectively manage the disposal of assets as part of asset disposal programme	
Both		LED 13	Bromsgrove Leisure Contract	COR16
Both		ICT 4	Breach of Data Protection – disclosure of data / staff not aware of guidelines	COR18
Both		ICT 7	Failure to identify, maintain and test adequate disaster recovery arrangements	COR18
Both		ICT 15	Members and Data protection Training	
Both		PLA 11	Loss of effective Building Control service due to changes in legislation / Hackett / Grenfell	COR19
Red		HOU 2	Fail to effectively manage housing repairs and maintenance	COR14
Both		HOU 7	Fail to manage impact of increasing homelessness cases and Recruitment challenges	COR19
Red		HOU 8	Inability to collect rent and rent arrears	
Red		HOU 9	Fail to effectively management leaseholder properties	
Both		HOU 10	Fail to effectively manage capital projects (also the right contracts are put in place, internal and external)	
Red		HOU 11	Potential for an increase in right buys	
Red		HOU 12	Failure to Achieve CQC Compliance at St Davids House	COR14
Both		HOU 14	Failure to complete annual gas Safety Inspections	COR14
Red		HOU 15	Risk of legionella in housing with communal facilities	COR14
Red		HOU 16	Housing Revenue Account	

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Both		HOU 19	Failure to comply with Charter for Social Housing and the Regulator	COR14
Both		HOU 21	Non compliance with Asbestos Regulations	COR14
Both		HOU 22	Non compliance with Regulatory Reform (Fire Safety) Order 2005 - Blocks of flats and communal entrances	COR14
Both		HOU 27	Failure to comply with IEE regulations	COR14
Both		HOU 28	Damp and Mould In Council Housing	COR14
Both		COM 3	Safeguarding - Inadequate child and adult protection systems/process.	COR14
Red		COM 16	Lifeline - Impact of the telephony network digital upgrade on the service	
Both		COM 17	Starting Well Partnership – underperformance of contract	COR16
Both		COM 18	Social Prescribing – underperformance of contract	COR16
Both		HR 2	Fail to monitor and respond to changes in employment legislation	COR14

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023****Appendix B - Previous Quarters Risk Reports**

The baseline risks April 2022 are included in the following table – this is prior to any Risk Board meetings.

Original Baseline April 2022

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

After the Risk Board on the 22nd June, the following changes have been made which saw the number of risks reduce as follows to 96 Risks

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	6	12	18
Finance	0	2	2	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities, Democratic Services & Property	0	3	9	12
ICT	2	6	2	10
Planning Services	0	2	1	3
Housing	1	10	10	21
Community Services	0	2	6	8
HR	0	0	1	1
Total	3	36	57	96

The departmental red risks are:

- REV7 - Revenues - Performance Indicator data is not robust
- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements

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- ICT 11 - System functionality to manage records

After the Risk Board on the 21st September, the following changes have been made which saw the number of risks reduce as follows to 83 Risks

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	13	19
Finance	0	2	2	4
Environmental Services	0	1	11	12
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	1	9	10
ICT	2	4	4	10
Planning Services	0	1	0	1
Housing	1	9	7	17
Community Services	0	2	6	8
HR	0	0	1	1
Total	4	26	53	83

Red Departmental Risks were:

- REV7 - Revenues - Performance Indicator data is not robust.
- ICT7 - IT - Failure to identify, maintain and test adequate disaster recovery arrangements.
- ICT11 - IT – System functionality to manage records.
- Hou26 - Housing – Failure to deliver a service to QCQ requirements at St David's House.

After the Risk Board in December, the number reduced to 62

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	10	16
Finance	0	2	2	4
Environmental Services	0	5	3	8
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	1	5	6
ICT	0	2	2	4
Planning Services	0	1	0	1
Housing	0	9	6	15
Community Services	0	1	5	6
HR	0	0	1	1
Total	1	27	34	62

Red Risks – 1 in total

- REV7 - Revenues - Performance Indicator data is not robust

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After the Risk Board on the 22nd March, the following changes have been made reducing the overall number of departmental risks to 58.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	9	16
Finance	0	2	0	2
Environmental Services	0	5	3	8
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	10	5	15
Community Services	0	1	5	6
HR	0	0	1	1
Total	1	31	26	58

- **Red Risks – 1 in total**
- REV7 - Revenues - Performance Indicator data is not robust

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023****Appendix C - Worcester Regulatory Services Risks**

Risk Description	Consequences	When is this likely to happen	Current Position			Control measures
			Likelihood	Impact	Matrix RAG Status	
Loss of Data through IT failures	Disruption to Service Provision. Inability to produce records and data.	On-going	Low	High	Green	Wyre Forest ICT has effective processes and business continuity plans in place. WFDC upgraded relevant systems including Windows. The service moved to Office 365 during 2021/22, which provides better access to a range of provisions including Microsoft Teams and Power BI.
Issues with the WRS database system	Impact on work planning. Self-help may not enable savings required Hidden costs with add-on features	On-going	Low	High	Amber	Current contract due to be re-negotiated in February 2023. Work has commenced on negotiating new contract. The cost of moving systems is prohibitive currently and, whilst the system has its faults, it provides the necessary functionality and will allow the enablement of data transfer from electronic forms.
Effective and efficient Business Continuity arrangements in place	Disruption to service if e.g., Major Power failures or other reasons that access to Wyre Forest House is not possible.	On-going	Very Low	Medium	Amber	The pandemic has shown that we were well prepared for the need to maximise working from home and now all staff, including some previously regarded as office based can do this. Touchdown stations remain available in partner council locations. WRS Managers do need to redraft contingency plans in the event of a prolonged IT failure or cyber-attack that will allow services to be maintained. Existing BC Plans need updating and reviewing.
Maintain our capacity to achieve service delivery	Disruption to service e.g., Major staff sickness (e.g., flu pandemic) or Unable to recruit or retain suitably qualified staff.	On-going	Low	Medium	Amber	The pandemic response has shown that the service was well-placed to respond to what was required.. Consultants are available to provide short term cover and, whilst this worked well in peacetime to cover peak demand periods, the pandemic has revealed the
						limits to this type of capacity. These pressures will only be resolved in the longer term by local and central government investing in additional capacity and additional training to bring more people into the regulatory professions. Having taken on contracts with additional authorities the demand has increased, and neighbouring authorities have lost the ability to assist with some technical specialisms. This is the double-edged sword of effectively operating as a centre of excellence. Whilst we have good resource of our own, in event of an issue, there are limits to who we can ask for help. Regional and sub-regional groups are in place so can provide shared resources for local authorities if required. Effective training and development processes are in place to ensure recruitment and retention of staff. There is increased training budget pressure, reduced technical knowledge in neighbouring authorities and increased importance in maintaining heightened skills for contractual obligations and commercial edge. Regular inventory and maintenance of equipment is undertaken. In the future, budget for replace may be an issue but would be a relatively small amount for partners to share.
Pest contractors cease operations.	Disruption to service. Negative media coverage. Increased public health risks	On-going	Low	High	Green	The Pest control framework contract has multiple pest control suppliers so the loss of one allows work to be moved to the others. This should limit or eliminate risk, although the unlikely loss of multiple companies might create capacity issues.

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Effective and efficient contract arrangement for dog control	Disruption to service if no kennels available. Negative media coverage. Increased public health risks	On-going	Low	High	Amber	The Out of Hours and Kennelling contracts were re-tendered to enhance the existing arrangements and provide resilience however there are increases in numbers of stray dogs, dog disease and contracts are restricted by geographical location. Retendering for additional kennels remains difficult and consideration may be given to creating our own capacity.
Hosting support does not deliver necessary financial and HR support to ensure efficient management	Efficiency of management reduced; staffing issues remain unaddressed, and performance suffers	On-going	Low	High	Amber	Issues with the new BDC finance system have mainly been resolved, however some workarounds remain in place due to some unforeseen issues. Development of a self serve recruitment platform has improved recruitment systems.
One or more partners continue to be under great financial pressure and may consider alternatives to the partnership to deliver their service	Creates reputational issues for remaining partners and increases the need to manage overheads. Difficulties in delivering highly varied levels of service	On-going	Medium	High	Amber	New legal agreement limits variations in contribution before partners must move to contractual relationship but this is quite high before it kicks in (20%.) Leanness of organisation minimises overheads and focuses resource at the front line. Growth strategy should generate income to support partners in the future but there are limits to this without additional capacity being added to the system. Invest to save capacity has been committed by partners to see if this achieves the necessary outcomes but even this is now fully occupied.
Robust arrangements in place in relation to obtaining legal advice and monitoring legislative changes.	Loss of cases is costly and damages reputation.	On-going	Low	Medium	Green	Continued close working with BDC legal team and other partners who don't use BDC for advocacy. Technical and legal training days for staff. Difficulty in keeping informed of Case Law developments. Membership and attendance of Officer Technical Groups outside the County does assist.
Service provision complies with Government requirements	Adverse comments following audits e.g., FSA	On-going	Low	High	Amber	Limited detail of what is required for statutory minima can make decision making difficult around what is required in law as a minimum.
	Intervention by Government bodies i.e., FSA, whilst highly unlikely, is damaging to reputation.					The LGA is clearly aware of impact of budget reductions on regulation and has made it clear Government cannot expect what it had previously. Fewer interventions/ audits by government. The Service has developed systems that follow the principles of the requirements of bodies like FSA so can show some level of compliance, but service isn't operating to the letter of the current Code. The Code is however currently going through major changes and likely to move to a point where it is closer to the WRS model of operation. Environmental reporting for Local Air Quality Management, Pollution Prevention and Control and Private Water Supply Inspection reports to Defra and DWI have received positive responses with no issues of concern raised by these bodies.
Failure to deliver external contract work at the level expected by the business or local authority with whom we have the contract	Damage to reputation, loss of future income streams, financial impact of paying damages Loss of key staff or skills	On-going	Low	High	Green	Ensure contract negotiations are clear on performance criteria and these are clearly recorded in the final documentation. Monthly reviews against performance criteria. Select staff to ensure competence of those undertaking work outside Worcestershire. Maintain strong links with the customer's monitoring staff. Intervene early with corrective action. Ensure contingency plans in place if key staff leave to enable contract delivery, to include contractors, staff development and apprenticeship

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**AUDIT, GOVERNANCE &
STANDARDS COMMITTEE****23rd November 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: Adrian Howe	Job Title: Interim Audit Team Leader Worcestershire Internal Audit Shared Service Contact email: adrian.howe@worcester.gov.uk
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** that:-

- 1) the report is noted;
- 2) revisions to the 2023/24 Annual Plan are approved by the Committee.

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 30th September 2023.

Summary Dashboard 2023/24:

Total reviews planned for 2023/24	15 (minimum)
Reviews finalised to date for 2023/24:	1
Assurance of 'moderate' or below:	0
Reviews awaiting final sign off:	0
Reviews ongoing:	5
Reviews to commence (Q3):	3
High' Priority recommendations reported 2023/24:	0
Satisfied 'High' priority recommendations to date:	N/a
Plan delivery to 30 th September 2023:	20%

**AUDIT, GOVERNANCE &
STANDARDS COMMITTEE****23rd November 2023**

Since the last progress report presented to the Committee, three 2022/23 reports have been finalised, one 2022/23 reports is at clearance/draft report stage and five 2023/24 reviews have commenced.

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.

2.1 2022/23 AUDITS

The reviews that have been finalised since the last committee update:

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

The reviews that are at draft report or clearance stage are:

- ICT (Moderate)

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

2.2 2023/24 AUDITS TO 30th SEPTEMBER 2023

A rolling programme of testing is due to take place during quarters 1 to 3 for Debtors, Creditors and Payroll. The results will be reported during quarter 4.

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.

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

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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.

One 2023/24 report has been finalised.

2.3 REVISIONS TO 2023/24 AUDIT PLAN

The Internal Audit Plan for 2023/24 approved by this committee was based upon a resource allocation of 235 productive days, a resource allocation which was agreed with the Council's section 151 officer. Since this time, several pressures have been placed upon the service that have affected and will affect its ability to complete the annual audit plan. These include multiple long-term sicknesses and the loss of key personnel (Head of Service and Audit Team Leader). The Interim Audit Team Leader and S151 officer have reviewed the current status of the plan and reduced or deferred audits if it is prudent to do so from a risk assurance perspective. Productive days have been reduced by 26 days from 364 to 328.

The following audits have been deferred to 2024/25:

- i) Council Tax (8 days)
- ii) National Non-Domestic Rates (8 days)
- iii) Benefits (10 days)
- iv) Rubicon (10 days)

2.4 AUDIT DAYS

Appendix 1 provides a summary of delivery. At the 30th September 2023 a total of 73 days had been delivered against an overall target of 364 days for the year.

2.5 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

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- National Fraud Initiative coordination of uploads.
- Investigations

National Fraud Initiative

- 2.6 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.

Monitoring

- 2.7 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 previously confirmed that he remained confident his team have provided 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. Changes to the plan have been discussed with the s151 Officer and reported to Committee.

3. FINANCIAL IMPLICATIONS

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

4. LEGAL IMPLICATIONS

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

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

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

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Climate Change Implications

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

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

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

Operational Implications

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

7. RISK MANAGEMENT

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

8. APPENDICES and BACKGROUND PAPERS

- Appendix 1 ~ 2023/24 Internal Audit Plan summary of delivery
- Appendix 2 ~ 2023/24 Plan progress
- Appendix 3 ~ 2022/23 and 2023/24 Finalised audit reports including definitions
- Appendix 4 ~ Follow Up Programme Overview
- Appendix 5 ~ Follow Up Reports recently issued

**AUDIT, GOVERNANCE &
STANDARDS COMMITTEE****23rd November 2023****APPENDIX 1****Delivery against Internal Audit Plan for 2023/24**
1st April 2023 to 30th September 2023

Audit Area	2023/24 Plan Days	Days used to 30th September 2023
Core Financial Systems (see note 1)	115	19
Corporate Audits	71	14
Other Systems Audits (see note 2)	124	30
SUB TOTAL	310	63
Audit Management Meetings/ Corporate Meetings / Reading		
Annual Plans, Reports and Audit Committee Support	54	10
Other chargeable (see note 3)	0	0
SUB TOTAL	54	10
TOTAL	364	73
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

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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*	3 to 4	Commenced 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	
Creditors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		17*	3 to 4	Commenced Rolling Programme
Treasury Management	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		6*	3	Commenced
Council Tax	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		8*	1 to 3	
Benefits	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		10*	1 to 3	
NNDR	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		8*	1 to 3	

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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	Commenced Rolling Programme
Sub TOTAL					115		
CORPORATE							
IT Audit	Fundamental to strategic purpose delivery	COR18 – Protection from Cyber Attack			15*	3 - 4	Commenced
Risk Management Embedding (note 2)	Fundamental to strategic purpose delivery	S151 request			10*	3 - 4	
Corporate anti-fraud and corruption	Fundamental to strategic purpose delivery	COR - Cost of Living			5*	3	Commenced
Procurement and Contract Management (note 3)	Fundamental to strategic purpose delivery	COR16 – Management of Contracts & S151 request			8*	4	
Corporate Data Quality and Usage (Critical Friend)	Fundamental to strategic purpose delivery	S151 request			10*	4	
Projects – Towns Fund	Fundamental to strategic purpose delivery	COR22 - Delivery of Levelling up, Towns Fund and UK Shared Prosperity Fund work & S151 request			8*	3	
Grants (Various incl. Disabled Facilities Grants)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			15	1 to 4	Not required during Q1

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Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Sub TOTAL					71		
SERVICE DELIVERY							
Community & Housing Service							
Housing Revenue Account	Finding Somewhere to Live	S151 request			20	4	
Temporary Accommodation	Finding Somewhere to Live	S151 request			10	4	
Right to Buy	Finding Somewhere to Live	Local Knowledge/Intelligence			10	4	
Human Resources							
Organisational Processes	Fundamental to strategic purpose delivery	COR19 – Adequate Workforce Planning & S151			10	3	Commenced
Sub TOTAL					55		
Other Operational Work							
Advisory, Consultancy & Contingency	Operational support	N/a	N/a		20	1 - 4	Ongoing
Fraud & Investigations incl. National Fraud Initiative	Operational support	N/a	N/a		15	1 - 4	Ongoing

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Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
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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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Explanatory Notes:

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

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

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

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

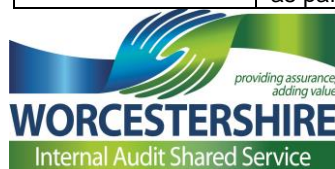
Note 3: Procurement - ensuring embedding continues.

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APPENDIX 3

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

Opinion	Definition
Full Assurance	The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively. No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.
Significant Assurance	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. 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.
Moderate Assurance	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. Follow up of high and 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.
Limited Assurance	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. Follow up of high and 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.
No Assurance	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. Follow up of high and 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.



Appendix A
Definition of Audit Opinion Levels of Assurance

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Appendix B
Definition of Priority of Recommendations

Priority	Definition
High	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.
Medium	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.
Low	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.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2022/23 and 2023/24 Audit Reports.
Recently Finalised Reports.

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

**National Non-Domestic Rates
2022/23**

03rd July 2023



AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Distribution:

Head of Finance and Customer Services
Executive Director – Finance & Resources

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1. Introduction

1.1 The audit of National Non-Domestic Rates was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council 2022/23 approved by the Audit, Governance and Standards Committee on 28th July 2022 and for Bromsgrove District Council approved by the Audit, Standards and Governance Committee on 21st July 2022. The audit was a risk-based systems audit of the NNDR as operated by Redditch Borough Council and Bromsgrove District Council.



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- 1.2 This review relates to most strategic purposes for both authorities due to its nature as a primary funding source. However, the review can be linked with the specific strategic purpose “run and grow a successful business”. Furthermore, it relates to the community priorities specifically “economic development and regeneration”.
- 1.3 The following Service risks were relevant to this review:
- REV3 – Failure of support/availability of key systems Finance and Resources relies upon
 - REV11 – Reduced collection rates
 - REV16 – Maintenance and recovery of collection performance post covid
- 1.4 This review was undertaken during the month March & April 2023.
- 1.5 Recovery of Prior Debt (follow up) - The action to address this finding within the 2020/21 audit remains outstanding due to other priorities during the pandemic. A review of resources for recovery of Council Tax and Non-Domestic rates was due to be completed within the first 6 months of 2022 but did not happen. Now that the economy is recovering from the pandemic, the recommendation to incorporate into the service business plan a clear policy as to how the Council will deal with aged debt and the way it is to be managed going forward to maximise income and take timely action is still ongoing.

2 Audit Scope and objective

- 2.1 This review has been undertaken to provide assurance on the process of collecting NNDR income for the two authorities via the billing process, and the application and monitoring of reliefs and exemptions on units.
- 2.2 The review was to provide assurance based on:
- A review of the updated position in relation to the 2021/22 audit recommendations.
 - Procedures for capturing and processing NNDR information, including the setting up of new customer accounts and timely and accurate billing is taking place.
 - Exemptions, reliefs, and discounts are appropriately evidenced, applied, and monitored.

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- Processing of payments and refunds follows the adopted procedures.
- The correct protocol is being followed with regards to the reminder process and appropriate suppression is being managed.
- User profiling is managed to provide only relevant access to data.

2.3 This reviewed covered the period from 01st April 2023 to date of the audit.

2.4 This review did not cover.

- Recovery for non-payment i.e., summons onwards.
- Legislation relating to Covid-19
- Write offs and associated procedures.
- Performance monitoring

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. 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.

3.2 We have given an opinion of **Significant Assurance** in this area because the system of internal control meets the organisation's objectives; all the expected system controls tested are in place and are operating effectively.



3.3 The review found the following areas of the system were working well:

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Overall processes for current year NNDR are followed in an accurate and timely manner, correctly administered and all the appropriate procedures are being followed ensuring that income is maximised.

3.4 Although discussion points arose from the review there were no formal recommendations required.

4. 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



AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 it's 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>



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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.

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.

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Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Council Tax 2022/23

03rd July 2023

Distribution:

Head of Finance and Customer Services
Executive Director – Finance & Resources



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2. Introduction

1.1 The audit of Council Tax 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 approved before the Audit, Standards and Governance Committee on 21st July 2022. The audit was a risk based systems audit of the Council Tax as operated by Redditch Borough Council and Bromsgrove District Council.

1.2 This review relates to most of the Strategic Purposes for both authorities due to its nature as a primary funding source. Elements of the Strategic Purposes can be closely linked with the Council Tax Service e.g. funding to ensure "Communities which are safe, well maintained & green"



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1.3 The following Service risks were relevant to this review:

- REV3 – Failure of support/availability of key systems Finance and Resources relies upon
- REV6 – Failure to make a timely decision (political direction) to manage changes to the Council Tax Support Scheme
- REV11 – Reduced collection rates

1.4 This review was undertaken during March & April 2023

1.5 Recovery of Prior Debt (follow up) - The action to address this finding within the 2020/21 audit remains outstanding due to other priorities during the pandemic. A review of resources for recovery of Council Tax and Non-Domestic Rates was due to take place within the first 6 months of 2022 but did not happen. Now that the economy is recovering from the pandemic, the recommendation to incorporate into the service business plan a clear policy as to how the Council will deal with aged debt is being managed by Capacity Grid to chase outstanding debt from previous years, helping to maximise income and take timely action when necessary.

2 Audit Scope and objective

3.4 This review has been undertaken to provide assurance that:

- A review of the updated position in relation to the 2021/22 audit recommendations.
- Procedures for capturing and processing Council Tax information, including the setting up of new customer accounts and timely and accurate billing is taking place.
- The application of discounts and exemptions on properties, and the respective billing amounts – including the 2022 Energy Rebate Scheme are being evidenced, applied, and monitored.
- Processing of payments and refunds follows the adopted procedures.
- The correct protocol being used for the reminder process and appropriate suppression is being managed.
 - User profiling is managed to provide only relevant access to data.

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3.5 This reviewed covered the period from 1st April 2023 to the date of the audit.

3.6 This review did not cover.

- Recovery for non-payment i.e., summons onwards.
- Write offs and associated procedures.
- Performance monitoring

4 Audit Opinion and Executive Summary

4.1 From the audit work carried out we have given an opinion of **Moderate 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.

4.2 We have given an opinion of **Moderate Assurance** in this area because there is a generally sound system 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.

4.3 The review found the following areas of the system were working well:

- Management and application of Energy Rebate Scheme
- Overall, processing is managed effectively and within a timely fashion.



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

	Priority (see Appendix B)	Section 4 Recommendation number
Daily bereavement notes for other customers are uploading on to an account not relating to the account	Medium	1

5 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.



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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	Daily Bereavement notes for customers are uploading onto an account not relating to the account.	GDPR – irrelevant and inappropriate information is being held against an account creating a potential risk if customer was to ask for a copy of their file details other customer personal details would be declared contravening current regulations	Manager is to review account with System Admin to resolve the issue and check relevant accounts for correct note inclusion.	<p>Responsible Manager:</p> <p>Action:</p> <p>The relevant documents are not indexed to the identified account but are displayed when accessing documents from workflow. This has been raised with systems admin as the cause is likely to be a database lock, which when cleared will correct the issue.</p> <p>Implementation date:</p> <p>July 2023</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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



AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 it's 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>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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.

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.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Benefits 2022-23

Date 23rd August 2023

Distribution:

Customer Support Manager



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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE



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APPENDIX B29

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 through 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>A review of the Speed of processing for New Claims measure has not been updated with commentary since November 2022 for Bromsgrove and January</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>Lack of transparency and context which could lead to inaccurate assumptions by senior managers and Members that review this</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 and New Claims speed of processing for both councils to ensure the measures are meaningful.</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>Implementation date: Ongoing action.</p>

		2023 for Redditch. There is no commentary against the Change of Circumstance speed of processing for both Authorities.	information and Service performance.		
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>

	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.
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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.

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Light Touch Review Mayor's Fund 2023/24

Date 26th September 2023

Distribution:

To: PA to Interim Chief Executive & Office Services
Interim Section 151 Officer



CC Head of Finance and Customer Services

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1. Introduction

- 1.1 The light touch review of the Mayor’s Fund was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2023/24 as approved by the Audit, Governance and Standards Committee on 30th May 2023. The audit was a risk-based light touch audit of the Mayor’s Fund as operated by Redditch Borough Council.
- 1.2 This review relates to a specific scope as requested by Members.
- 1.3 There were no risks on the Corporate Risk Register relevant to this review.
- 1.4 There is potential for fraud through collusion.
- 1.5 This light touch review was undertaken during the month of August 2023.



2. Audit Scope and objective

- 2.1. This review was undertaken to provide assurance that the Mayor's Office Finance is all in order and that payments made through the new account, can be accounted for.
- 2.2. Background Mayoral Charity
At the start of the Mayoral year in May, the new Mayor for the municipal year, chooses his / her charities (one or more). Any money raised during their Mayoral year in donations/fundraising is then paid to those charities at the end of their year. This cycle happens annually for each Mayor.
- 2.3. New Bank Account
Was to be set up solely for receipt/depositing payments e.g., donations / ticket purchases for events. This account will cover any payments to suppliers via the normal payments system (purchase orders/invoice) or Faster Payments – following existing processes and adhering to required controls.
- 2.4. This review covered the current 2023/24 position.

3. Audit Opinion and Executive Summary

- 3.1. At the time of this review the new 'Mayor's Bank Account' was in the process of being set up. The purpose for the new account is so that funds for Mayoral fundraising and events can easily be identified and accounted for. It is recognised that there has been a delay in setting up this account due to getting council bank signatories amended on the main council bank mandate.
- 3.2. Although progress is being made to establish this new account no transactions have taken place thus far. Until the account is set up and being used Internal Audit cannot provide assurance it is in order, due process is being followed, payments are being accounted and there is full reconciliation until testing is undertaken. However, Internal Audit have been provided with information to advise that there is a process in place for once the account is set up which includes responsibility and accountabilities. A follow up review will be

carried out in approximately 3 months to provide an opinion on the control environment when it has been established and in use.

During the audit reporting process, the account has become 'live' and it will soon be in use by the Mayor's office'. The process compliance to that identified in the review will be checked as part of the follow up which is due to take place in 3 months.

- 3.3. Internal Audit is satisfied that there is a process in place for when the account is operational but is unable to express an assurance currently as it has been unable to test due process. To establish due diligence and control regarding this account the adopted process can be seen in section 4 below.

4. Proposed process and responsibilities for the new 'Mayor's Fund' account.

Purpose of the account and guidance on expenditure	Used for Mayoral fundraising and events to show payments received from ticket sales and donations. Any payments to suppliers relating to fundraising events (e.g., catering/venue) will be made from this new bank account via normal payments system or Faster Payments – following existing processes
How much will be credited initially to the account.	<p>The donations received from 22/23 year were paid to the previous Mayor's Charity. Therefore, there was no balance to transfer at the start of 2023/24 as this was cleared down after the previous municipal year.</p> <p>One event has happened in July 2023 and that was not organised directly by the council/civic office. No monies have yet been received for the current year. The organiser will pay the money raised either direct to the Mayor's Charity or it will be paid to the Council.</p>

	Any balances will then sit in the mayor's bank account till the end of the year. This balance is unlikely to exceed £10K.
What reconciliations will be carried out, how often and by Whom?	<p>For events organised by the civic office, for example, fundraising events/civic dinner, a spreadsheet is kept for all payments received – dates made/by whom and amount. This is then given to the reconciliation team and allocated finance officer.</p> <p>This is carried out after each event or when advised a donation has been made. Donations / payments may also be paid in by the Mayor's Personal Assistant to cashiers at Parkside, in which case the mayor's codes are provided so they go direct onto those codes/ledger.</p> <p>Once the new bank account has been set up those details will be used for paying in money.</p>
Who will have access to the account?	Mayors office (not the Mayor) Assistance from Finance
Who will be accountable and responsible for the administration?	Mayors office (not the Mayor) Assistance from Finance
How will the expenditure be accounted for?	As part of normal budget monitoring process against codes.
Will there be any reporting of the expenditure	As part of the council's normal monitoring/quarterly monitoring as happens now – the new bank account will solely keep the

	<p>income/balance separate from the main council receipts/bank account.</p> <p>The figure raised by the mayor each year is announced at the end of their year at the AGM.</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 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



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	Apr-23	Q1	Awaiting management response
RBC	21/22	Gas Inspections	Significant	1 st	Apr-23	Q1	Awaiting management response
RBC	22/23	GIS/Gazetteer Phase 1	Critical Review	1 st	Jul-23	Q2	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

Audit, Governance & Standards Committee

23rd November 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

Audit, Governance & Standards Committee

23rd November 2023

	Year of Review	Review Area	Assurance	Follow Up Position	Indicative Date of Follow Up		Position and Conclusion
RBC	22/23	Payroll	Significant	1 st	Sept-23	Q2	To be included in 23/24 Audit

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

None to report

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 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	Job Title: Head of Finance & Customer Services Contact email: michelle.howell@bromsgroveandredditch.gov.uk Contact Tel:	
Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Strategic Purpose(s)		All
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 framework 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, it's Member and Officers work to. This 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.
- **Finance Protocols** which set out requirements and expectations of the Finance Team and Services in terms of financial administration and demarcation of duties.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023**

- 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, July, and September 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 2023/4 budget was approved at Council on the 27th February 2023. An update on the 2024/5 Medium Term Financial Plan process 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 2023/4 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 Accounts delivered to Audit by 31st June in order for 22/23 RO forms to be delivered.
 - 2020/21 Audit ***dependent on previous years and Cash Receipting Backlogs 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 – dependent on closure of accounts***
 - ***22/23 RO has been delivered and the Council are responding to queried on the return.***
 - Capital Outturn Reports – July
 - ***Delivered for 2020/21 and 2021/22 on Friday 30th June***
 - ***22/23 CO has been delivered.***

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023**

- Quarterly Revenue Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered)**
 - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Capital Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered) Q4 to be delivered on 21st April 2023**
 - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Borrowing Return
 - **22/23 Quarterly Returns delivered - Q4 delivered on 11th April 2023**
 - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Council Tax and Business Rates Returns
 - **22/23 Quarterly Returns delivered - Q4 due 5th May 2023**
 - **Q1 23/4 delivered on 11th August,**
- 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 – **to be delivered by 24th March 2023**
 - **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**
 - **Draft 22/23 NNDR3 provided to Worcestershire County Council for view of the pool. Final draft NNDR3 to be submitted to DLUHC by 18th May 2023.**
- Housing Benefit Subsidy Return – Yearly
 - **Sent 29th April 2022**
 - **2022/23 subsidy return delivered**
- DHP Claim – Yearly
 - **Sent 29th April 2022**
 - **22/23 return sent in May 23**
- 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 – 2023/4 Strategy Approved in March 2023**

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023**

- Half Yearly Report
 - **Update provided in Q1 Revenue Return**
- Yearly Outturn Report
 - **To be produced in July**
- Council Tax Support Scheme – Yearly – **Approved in Jan 2023 after consultation**
- Minimum Revenue Provision – yearly – **Approved as part of the 2023/4 to 2025/6 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**

2.8 The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2020/21 and 2021/22 and the VAT returns. We delivered the draft RO/CO forms for 2022/23 and are responding to queries on the RO return however previous years have still not been able to be completed. 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 for 2020/21 and 2021/22 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. The Council has supplied all data except Period 0 and the External Auditors have input this data into a model to verify full transfer of balances has taken place. However this cannot be completed until the period 0 balances are provided. The Period 0

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balances have been supplied by the Council's previous financial systems providers Advanced to the External Auditors on the 13th November.

- Provision of Draft 2020/21 Accounts to Audit. This is dependent on the External Auditors confirmation that they have approved both Council's take-on balances work. To date only limited high level testing has taken place although significant work has been undertaken.
- Sign Off of 20/21 Accounts – to be confirmed with the External Auditors
- Closure 2021/22
 - Updated Outturn position – still to be provided (cash receipting backlog to be cleared by 31 December 2023)
 - Draft Accounts ready for Auditors (without any 2020/21 Audit Adjustments) estimated February 2024.
 - Audit of Accounts January to April 2024
 - Sign off of the Accounts – to be confirmed with External Auditors but estimated May/June 2024.
- Closure 2022/23
 - Budget Manager Closure Training tool place in late March with 83 staff attended closure training.
 - Draft Provisional Outturn Report – Executive Report delivered on the 12th September 2023.
 - 2022/23 draft Revenue Outturn and Capital Outturn Reports 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.
- Value for Money Opinions for 2021/22 and 2022/23. Work has been underway with the External Auditors on a joint Value for Money Opinion for both years. This on the Agenda for today's meeting.

2.10 As reported in the July and September Reports, 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

2.11 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.

2.12 There is an article in the 1st November 2023 Municipal Journal from Lee Rowley MP which sets out that the speeding up of the overall Local Government Audit Process

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must take place and the present backlog rectified. The view of Ministers is that Auditors should be focussed on more recent activities. However, confirmation on these revised timescales and how audit requirements will be changed is yet to be received.

- 2.13 We have upgraded the TechOne system, moving from the present version which is 20b to 23a over the weekend in July 2023. This upgrade has given access to more functionality. This means the Council is now on the latest version of TechOne although because Redditch and Bromsgrove are still the only Councils on Cash Receipting, when the weekly updates come in they have to do additional checks to ensure the functionality is working as expected.
- 2.14 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.
- 2.15 Work is under way on the 2021/22 Accounts although they cannot be finalised until the audit of the 2020/21 Accounts is complete. The key driver is the clearance of the cash receipting suspense accounts which is expected to be delivered by end of December.

Update on the Budget and ongoing Monitoring

- 2.16 The Councils 2023/24 Budget was approved in February. Budgets are loaded onto TechOne.
- 2.17 The 2024/5 draft MTFP was presented to Executive for consultation on the 31st October. The budget is again being delivered on a two Tranche basis. Given the Chancellors Statement is not until the 22nd November and the Provisional Local Government Settlement is not expected until the week before Christmas, this initial Tranche just includes:
- Known Pressures (including inflation).
 - Suggested increases to Fees and Charges.
 - Base assumptions on tax collection.
 - Present Capital Programme
 - Impact on General Fund and Earmarked Reserves.
- 2.18 Quarter One 2023/4 financial and performance monitoring went to Executive in September and the Quarter Two Monitoring will be delivered to Executive on the 5th December. The financial monitoring for Quarter 2 will be delivered for the first time directly from the TechOne system with budget managers data input onto it and not into spreadsheets.
- 2.19 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

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Committee in March. Project updates will now be part of the quarterly finance and performance reporting. There are four main programmes, ICT, Workforce and Change, Public Realm, and Housing.

Compliance Items

- 2.20 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:

- Closure Training took place in March with 83 attending.
- Mandatory Budget Manager Training (including the use of TechOne) took place in September 2023 – upskilling budget managers with the tools to input their forecasts directly onto TechOne.
- Mandatory Financial Awareness Training for managers took place in August and September.
- Number on Payments Purchase Order Training (Monthly) by Service Area.

Treasury Management

- The Half Yearly Treasury Management Report will be presented to Executive on the 5th December.

Errors:

- Non delivery of GPC Card Data (monthly basis) – still to be started
- Mis-coding on TechOne per month – by Service Area - will begin once the cash receipting suspense has been cleared.

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 procurement for approval as contracts are not in place are 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 and upcoming Q2 Finance and Performance Monitoring Reports now set out:

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- All contracts requiring renewal over the next year that are over the present £200k threshold and these are placed on the forward plan.
- All contracts between the old Key Decision level of £50k and £200k are listed and can be called in via the Scrutiny processes.
- All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

Towns Fund Programme:

- The Council were one of 5% of those Council's receiving funding as part of the Towns Fund Programme that received a "Deep Dive" review of their Governance processes over August and September.
- This process included the supply of a significant amount of data relating to policies and procedures being followed along with interviews with Programme staff with DLUHC compliance staff. The only areas requiring follow up were updating processes for Subsidy Control rules (as with was State Aid previously) and ensuring Board Members Register of Interest declarations were up to date.
- The Council received confirmation from DLUHC on the 11th October that after careful review of the evidence by the Assurance and Compliance Team they were pleased to confirm that the Lead Reviewer feels that all the key requirements have now been satisfactorily met.

2.21 Work is ongoing on the clearance of the Cash Receipting suspense accounts. These figures are updated every 2 weeks. The position as at the 31st October is summarised in the table below. As reported to this committee, the Council are working to have cleared the backlog by the end of this calendar year. Present progress indicates that there will be small, non-material balances still to clear at the 31st December but the overall position will mean that the 21/22 and 22/23 accounts closure processes can be run.

31/10/2023

Row Labels	Column Labels						Total Count of Ledger Name	Total Sum of Amount
	NA < 1000		NA >1000		Reconciled			
	Count of Ledger Name	Sum of Amount	Count of Ledger Name	Sum of Amount	Count of Ledger Name	Sum of Amount		
20GLACT	24,543.00	-140,133.50	385.00	-4,497,810.64	5,616.00	11,695,151.32	30,544.00	7,057,207.18
21GLACT	27,223.00	209,206.08	500.00	-102,316,498.28	6,815.00	-46,135,290.95	34,538.00	-148,242,583.15
22GLACT	6,502.00	-83,392.03	572.00	139,088,379.76	18,654.00	-43,860,978.16	25,728.00	95,144,009.57
23GLACT	8,431.00	86,610.16	569.00	-40,136,802.75	5,123.00	78,301,113.87	14,123.00	38,250,921.28
Grand Total	66,699.00	72,290.71	2,026.00	-7,862,731.91	36,208.00	-3.92	104,933.00	-7,790,445.12

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023****Summary**

- 2.22 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The significant change highlighted in July and September in proposed the new Government timescales to catch up on Audit delivery has still not been confirmed. Once this takes place the Council and its External Auditors will need to speed up their joint timetable as appropriate. This report is now updated for data as at the end of October 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.

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.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****23rd November 2023****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

Section 24 Report to Audit and Council – November 2022.

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

Finance Recovery Report – June 2023 and October 2023 – Executive
Programme Management Office Requirements – July 2023 – Executive
Approvals to Spend Report - July 2023 – Executive

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

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
- External Audit Update Report
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

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
- External Audit Update Report
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

Dates to be confirmed:

- Annual Review Letter from the Local Government Ombudsman

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