



Audit, Governance & Standards Committee

Thu 25 Jul 2024
7.00 pm (or, if later, as soon as
the Overview and Scrutiny
meeting immediately preceding
Audit, Standards & Governance
has finished)

REDDITCH BOROUGH COUNCIL

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Oakenshaw Community Centre,
Castleditch Lane, Redditch, B98 7YB

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

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GUIDANCE ON FACE-TO-FACE MEETINGS

Please note that this is a public meeting.

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

GUIDANCE FOR ELECTED MEMBERS ATTENDING MEETINGS IN PERSON

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 Overview and Scrutiny Committee.

PUBLIC ATTENDANCE AT MEETINGS

Members of the public 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.

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, 25th July, 2024

7.00 pm

Oakenshaw Community
Centre

Agenda

Membership:

| | | |
|--------|-----------------------------|-------------|
| Cllrs: | Gemma Monaco (Chair) | Andrew Fry |
| | Chris Holz (Vice- Chair) | Joanna Kane |
| | Juma Begum | Alan Mason |
| | William Boyd | David Munro |
| | James Fardoe | |

1. Apologies and Named Substitutes

2. Declarations of Interest

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

3. Minutes (Pages 5 - 14)

The minutes of the meeting of Audit, Governance and Standards Committee held on 28th May 2024 will be considered at this meeting.

4. Public Speaking

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

5. Dispensations Report - Individual Member Dispensations (Pages 15 - 20)

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

To receive a verbal report from the Feckenham Parish Council Representative on Parish Council's standards matters.

7. Internal Audit Annual Report & Audit Opinion 2023/24 (Pages 21 - 44)

Audit, Governance & Standards

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- 8. Risk Management Report (Q1 2024-25) (Pages 45 - 68)**
- 9. Financial Compliance Report including update on Council's Statements of Accounts (Pages 69 - 136)**
- 10. Risk Champion Update**
- 11. Committee Work Programme (Pages 137 - 138)**



Audit, Governance & Standards Committee

Tuesday, 28th May, 2024

MINUTES

Present:

Councillor Chris Holz (Vice-Chair in the Chair), and Councillors Brandon Clayton (substitute), William Boyd, Juma Begum, Sachin Mathur (substitute), Andrew Fry, Joanna Kane, Alan Mason and David Munro

Also Present:

Councillor Ian Woodall – Portfolio Holder for Finance
Jackson Murray – Key Audit Partner, Grant Thornton (on Microsoft Teams)
Chris Green – Head of Worcestershire Internal Audit Shared Service

Officers:

Peter Carpenter, Claire Felton and Debra Goodall

Democratic Services Officers:

M Sliwinski

1. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from the Chair, Councillor Monaco, and Councillor Fardoe. They were substituted at this meeting by Councillors Clayton and Mathur respectively.

Apologies were also received from Feckenham Parish Council representatives.

In the absence of the Chair, the meeting was chaired by the Vice-Chair of the Committee, Councillor Chris Holz.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

Chair

Audit, Governance & Standards Committee

Tuesday, 28th May, 2024

The minutes of the meeting of Audit, Governance and Standards Committee held on 21st March 2024 were submitted for Members' consideration.

RESOLVED that

the minutes of the Audit, Governance and Standards Committee meeting held on 21st March 2024 be approved as a true and correct record and signed by the Chair.

4. PUBLIC SPEAKING

There were no public speakers who registered to speak at this meeting.

5. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Head of Legal, Democratic and Property Services presented the Monitoring Officer's report and in doing so reported that there had been a number of Member to Member complaints considered since the last Committee meeting, none had required any further action. It was reported that following the Code of Conduct training which took place on the 9th May, it was indicated that some Members might wish to see further training sessions on Code of Conduct throughout the municipal year. This would be discussed by the Member Support Steering Group (MSSG) in July.

RESOLVED that

the report be noted.

6. GENERAL DISPENSATION REPORT

The General Dispensation Report was submitted for Members' consideration. It was stated that the purpose of this set of general dispensations for all Councillors was to enable elected members to participate in meetings where key matters were considered such as the Council Budget Setting. It was noted that dispensation should not be seen as a blanket dispensation allowing participation in all situations – for example where a disclosable pecuniary interest was declared in an agenda item, it would still override any dispensation that was granted.

RESOLVED that

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- 1) the previously granted general dispensation in relation to allowing Members to address Council and Committees in circumstances where a member of the public may elect to speak be re-granted under section 33 (2) of the Localism Act 2011, to allow Members to participate in and vote at Council and Committee meetings when considering these matters;
 - 2) subject to the caveat set out in paragraph 3.6 of this report in relation to setting the Council's Budget, the Audit, Governance and Standards Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of:
 - a) the Budget;
 - b) Council Tax;
 - c) Members' Allowances;
 - d) Council Rents;
 - e) Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the Borough;
 - 3) 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
 - 4) 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 2025.
7. **ANNUAL UPDATE REPORT ON REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

An annual update on the Regulation of Investigatory Powers Act 2000 (RIPA) was presented together with the Council's reviewed and updated RIPA policy. It was stated that due to the nature of the policy, it was only utilised in exceptional circumstances and this

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policy defined the guidelines and rules as to how and in what circumstances RIPA could be utilised.

RESOLVED that

- 1) the Council's RIPA Policy (version 8.3) as reviewed and updated be endorsed; and**
- 2) the update on RIPA activity described in this report be noted.**

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

It was noted that Feckenham Parish Council Representatives had submitted their apologies for this meeting. It was noted that the Borough Council's Monitoring Officer had a duty to investigate complaints in relation to Parish Councils and make recommendations on complaint resolution. The Parish Council representatives attended meetings to report on their standards regime.

Members queried the possibility of having this agenda item on a quarterly or twice-yearly basis to encourage regular reporting of Parish Standards matters to this Committee.

9. 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 reported that a reconciliation between the old and new financial ledger systems had been provided which identified a total of £64,000 of transactions between the two systems, which was significantly below the materiality level of £1.19 million set for the audit of 2020-21 financial year accounts. As such, the External Auditor would not have material concerns over the data transfer with this level of reported unreconciled transactions. The unreconciled transactions were slightly above the clearly trivial level set at £59,000, however. In this situation, it was reported that the draft Statements of Accounts for 2020-21 would be issued for audit and put on the Council's Website following comments from this Committee.

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The Committee was informed that since the last meeting there had been no further updates shared regarding the Department for Levelling Up, Housing and Communities (DLUHC) plan to introduce backstop dates for publication of prior years' local authority accounts. It was further reported that the Council had not yet received responses to consultations on the proposed backstop dates and the potential Code of Audit Practice changes undertaken by DLUHC and the National Audit Office (NAO) respectively. The External Auditor commented that if the backstop dates were to come into effect, the auditors most likely would be unable to audit the 2020-21 accounts by the first proposed backstop date of 30th September 2024.

It was noted that if the outstanding £64,000 could not be reconciled, it would be apportioned manually to the right transaction codes. It was noted in relation to code reconciliation that the External Auditor data team had submitted three further queries regarding data reconciliation. Once these queries had been resolved, no further work would need to take place on opening balances for 2020-21 accounts.

RESOLVED that

the External Auditor Progress Report and Sector Update be noted.

10. INTERNAL AUDIT PLAN 2024-2025

The Internal Audit Plan for 2024-25 was presented for Members' consideration. It was reported that this Internal Audit Plan had a resource allocation of 328 chargeable days, an allocation agreed with the Council's Section 151 Officer. In the plan, the level of management time required was reassessed and reduced by 24 days (40%), reallocating this to productive work. It was reiterated that within this Plan it was important to allow for flexibility such as responding to emerging risks should the need arise.

It was reported that the Worcestershire Internal Audit Shared Service (WIASS), which provided internal audit service for the Council, had recently recruited two senior auditors. The organisation would soon be operating back at full staffing levels. It was noted WIASS would be setting aside a £5,000 budget for professional development of its staff to ensure retention and

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benefits to both the individual members of staff and the organisation.

Members queried the level of slippage in 2023-24 and the potential impact of this on the delivery of the 2024-25 Internal Audit Plan. The Head of Worcestershire Internal Audit Shared Service responded that the Plan for 2023-24 was reviewed and non-essential reviews on that plan were curtailed. This was in the context of staff vacancies that the service experienced through much of 2023-24. It was hoped that the Annual Internal Audit Report for 2023-24, which would be presented at the July meeting of the Committee, would have full coverage for that year. In terms of 2024-25 Internal Audit Plan, it was reported that the slippage in the previous year would not impact on 2024-25 Plan delivery as appropriate contingencies had been built in.

It was reiterated that elected members could send any comments and queries relating to internal audit directly to the Head of Worcestershire Internal Audit Shared Service.

RESOLVED that

the 2024-25 Internal Audit Plan be approved.

11. FINANCIAL SAVINGS MONITORING REPORT

The Deputy Chief Executive and Section 151 Officer reported that at Quarter 3 (as of March 2024) the overall budget position was a £383,000 overspend after application of the 2023-24 Utilities Reserve. The final Outturn Report for 2023-24 was to be presented to the Executive Committee on 9th July.

In relation to Departmental Savings, it was reported that these were on track for delivery for 2023-24, with two amber items that required careful monitoring:

- The Service Reviews (Establishment) – The savings figure should be achieved, covered by the difference between staffing vacancies and agency staff. A full Council Establishment Review was being undertaken which would confirm the ongoing position and put in place processes to keep tight control of staffing changes, including linking people to positions. It was noted there were around 110 agency staff across an organisation of circa 800 staff. It was

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highlighted that the Establishment accounted for almost 50 per cent of the Council's controllable budgets.

- The Capacity Grid project, recouping old Council Tax and Business Rates debt was in mid flow. Presently levels for pre 2023/4 were £337,000 of Council Tax and £32,000 of Business Rates. £3.5m of Council Tax debt and £468k of Business Rates debt was currently being assessed.
- In relation to the red item as in the January 2024 Savings Monitoring Report, the Finance Vacancies, the saving figure would not be delivered as additional resource had been employed to progress work on completing outstanding years' Statements of Accounts. 5 staff had been recruited to start at the beginning of 2024-25 financial year and this would result in reduced costs over charges incurred to date for employing Agency staff.

It was reported that the largest savings item was on pension costs which link to the 2023 triennial revaluation. These revised figures run for three years. There was a risk that these figures would increase when the next triennial revaluation takes place from the 2026/27 financial year.

Following the report presentation, some Members expressed concern about the overspend position. It was explained that the overspend position was mainly due to the staff pay awards, as there had been two consecutive pay awards of circa 6 per cent in 2022-23 and 2023-24. It was explained that the salary increases were not funded by central government, but through the Council's budget. The Council had allowed for 3 per cent pay award in its 2024-25 budget.

It was explained that the overspend was partly offset by the lower-than-anticipated utilities inflation. The Council had originally set up utilities reserve in 2022-23, for assumed utilities inflation of 200 per cent. Due to lower than assumed inflation, for 2023-24, a budget to account for 100 per cent utilities inflation was set up and the other 100 per cent was converted to a reserve. The actual utilities inflation in 2023-24 was at 70 per cent. The amount remaining based on underspend in 2023-24 utilities budget would be released back into the General Fund.

It was explained that the 2024-25 Quarter 1 Financial Savings Monitoring Report would include proposals on how the £383,000

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overspend position stated in this report had been addressed. In relation to the Council's income, it was reported that the Council generated yearly income of circa £2-3 million through fees and charges. It was noted that risks in terms of costs were highly variable, cost increases being experienced in areas such as claims for tree damage (insurance), and Council property assets.

RESOLVED that

final position on the 2023-24 Departmental Savings Programme be noted, including any potential implications for future years.

12. ANNUAL APPOINTMENT OF RISK CHAMPION

Councillor Joanna Kane was nominated to the position of Risk Champion for the 2024-25 municipal year.

The nomination was put to the vote and it was

RESOLVED that

Councillor Joanna Kane be appointed as the Council's Risk Champion in the 2024-25 municipal year.

13. COMMITTEE WORK PROGRAMME

The Committee Work Programme was submitted for Members' consideration.

RESOLVED that

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

14. EXCLUSION OF THE PRESS AND PUBLIC

It was agreed that exclusion of the press and public was not necessary in relation to Minute Item 15. Financial Compliance Report including update on Statements of Accounts. The meeting remained in public session for its entire duration.

15. FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON STATEMENTS OF ACCOUNTS

The Deputy Chief Executive and Section 151 Officer introduced the report and updated Committee that the draft Statement of Accounts

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for 2020-21 was published as an appendix to this report. Members were invited to offer comments on the draft until the end of the week. In terms of timescales for publication of unaudited, drafts accounts on the Council's website, it was hoped that draft Accounts for 2021-22 could be published by late June and draft 2022-23 Accounts by late August 2024.

As reported earlier in the meeting, the Council had responded in early March to consultations from the Department for Levelling Up, Housing and Communities (DLUHC) and the National Audit Office (NAO) concerning backstop audit proposal and the Code of Practice. To date there had been no update on the process following the consultation period.

It was reported that the Council's external auditors from 2023-24 financial year, Bishop Fleming, were currently working on the Council's Value for Money conclusion for 2023-24 with the information that was available in light of the backlog in the Council's completed Statements of Accounts. Bishop Fleming were still waiting for the formal outcomes of the various consultations (NAO, DLUHC and CIPFA) which took place earlier this year and were not certain what this would mean for any audits which are likely to have disclaimed audits up to and including 2022-23. Their view was that it was better to pause any audit plans for years 2023-24 onwards for now.

In response to a Member question, it was noted that due to previous cash receipting issues the Council had not been able to complete detailed VAT returns for 2020-21 and 2021-22. The Council had resolved its cash receipting issue, however, it remained in conversation with HMRC over claiming back VAT returns.

RESOLVED that

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

The Meeting commenced at 7.00 pm
and closed at 8.16 pm

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REDDITCH BOROUGH COUNCIL

**Audit, Governance and Standards Committee
2024**

25th July

LOCALISM ACT 2011 – STANDARDS REGIME – DISPENSATIONS

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

1. RECOMMENDATIONS

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

- 1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;**
- 2) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; 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 2026.**

2. BACKGROUND

- 2.1 To consider the granting of any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and which will be detailed by the Monitoring Officer at the meeting. To also consider granting Outside Body Appointment Dispensations.
- 2.2 This item follows a previous report to the Audit, Standards and Governance Committee, considered at a meeting held in May 2024, on the subject of general dispensations. The decision was taken to present a report on Individual Member Dispensations and Outside Body Dispensations at the second meeting of the Committee in the municipal year to provide new Members with the time to consider whether they wished to request any Individual Member or Outside Body Dispensations.

3. OPERATIONAL ISSUES

- 3.1 Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.
- 3.2 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted "only if, after having regard to all relevant circumstances" the Committee considers that one of those situations applies. The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee.
- 3.3 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –
- “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
 - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular

business would be so upset as to alter the likely outcome of any vote relating to the business,

- (c) considers that granting the dispensation is in the interests of persons living in the authority's area,
- (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority's executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority's executive, or
- (e) considers that it is otherwise appropriate to grant a dispensation."

3.4 Since the introduction of the current standards regime in 2012, the Audit, Governance and Standards Committee has been responsible for considering the granting of dispensations in circumstances where the Monitoring Officer feels that a dispensation may be warranted. This function was previously carried out by the former Standards Committee.

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

- (i) General Dispensations
- (ii) Council Tax Arrears
- (iii) Individual Member Dispensations
- (iv) Outside Body Appointment Dispensations

3.6 The table below sets out the Individual Member Dispensations and Outside Body appointment dispensations that have been requested Members prior to the publication of the agenda for this meeting. Further requests for dispensations may be made after the publication of the agenda for this meeting and will be reported by the Monitoring Officer for Members' consideration. Subject to approval by the Audit,

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee
2024****25th July**

Governance and Standards Committee, these dispensations will apply until the next Borough Council elections in 2026 unless amended by the Committee prior to that date.

| Councillor(s) | Relevant DPI | Reason for dispensation |
|--------------------------|--|--|
| Councillor Joe Baker | The Redditch LGBTQ Support Services and PRIDE Committee (Other Registerable Interest - ORI) | To talk and discuss issues regarding LGBTQ community and PRIDE issues (not including funding for the LGBTQ Support Services and Pride Committee) |
| Councillor Joe Baker | The Council's representative, as an Outside Body appointment, on the Redditch Partnership Business Leaders' Group | To participate in the debate and vote on issues relating to economic development and local businesses. |
| Councillor Claire Davies | An employee of UCAS (Universities and Colleges Admission Service) | To enable participation in discussions around post-16 education. |
| Councillor Bill Hartnett | Outside Body appointment and Other Registerable Interest (ORI) as the Council's representative on the Redditch Town's Fund Board | To participate in discussions and decisions concerning town centre regeneration and economic development, including in respect of the Town's Fund Board. |

**Audit, Governance and Standards Committee
2024**25th July

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- 3.7 In relation to Independent Member Dispensations, Officers have contacted all Members to ask whether they wish to seek to add any dispensations.
- 3.8 The Local Government Association (LGA) Model Code of Conduct was considered at the Audit, Standards and Governance Committee in April 2022. It was recommended by the Committee that the Council adopt the new Model Code, subject to a few amendments. The new Model Code of Conduct was subsequently presented at the Council meeting held in May 2022 with Members agreeing to adopt the LGA Model Code of Conduct incorporating those changes suggested by Members. As a result of this adoption Members are now required to complete an 'Other Registerable Interests' (ORI) form to declare any ORIs and Members may wish to request Individual Member Dispensations in relation to these ORIs.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no specific financial implications.

5. LEGAL IMPLICATIONS

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

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

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

Climate Change Implications

- 6.2 There are no specific climate change implications.

Equalities and Diversity Implications

- 6.3 There are no specific equalities and diversity implications.

7. RISK MANAGEMENT

- 7.1 The granting of dispensations by the Committee will, subject to receipt of a written request from Members for such a dispensation, clarify, for the avoidance of any doubt, Members' ability to participate in and vote at Council and Committee meetings on certain matters as part of the Council's decision-making process, where such Members have a DPI which would otherwise preclude them from so participating / voting.

8. APPENDICES and BACKGROUND PAPERS

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

ANNUAL REPORT OF INTERNAL AUDIT FOR 2023/24

| | |
|--|--|
| Relevant Portfolio Holder | Cllr Ian Woodall |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Peter Carpenter, S151 Officer |
| Report Author: Chris Green | Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712 |
| 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. RECOMMENDATION**1.1 The Audit, Governance and Standards Committee notes the report.****2. BACKGROUND**

2.1 The Accounts and Audit Regulations and the Public Sector Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Standards also specify that the report must contain:

- An internal audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
- A summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- A statement on the extent of conformance with the Standards including progress against the improvement plan resulting from any external assessments.

2.2 **Appendix A** to this report provides the Internal Audit Annual Report; this includes the Head of Internal Audit's opinion on the control environment for 2023/24 and the basis for this opinion. The Head of Internal Audit's overall opinion is that **Reasonable Assurance** can be given that there is an adequate and effective governance, risk and control framework in place, designed to meet the organisation's objectives.

3. **Financial Implications**

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

4. **Legal Implications**

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

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

5. **STRATEGIC PURPOSES - IMPLICATIONS**

Relevant Strategic Purpose

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

Climate Change Implications

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

6. **OTHER IMPLICATIONS**

Equalities and Diversity Implications

6.1 There are no implications arising out of this report.

Operational Implications

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

7. **RISK MANAGEMENT**

This report provides a reasonable level of independent assurance that the Council has an effective framework in place for the management of risk.

8. **APPENDICES and BACKGROUND PAPERS**

Appendix A ~ Annual Report of Internal Audit for 2023/24

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ANNUAL REPORT OF INTERNAL AUDIT

2023/24

Date: July 2024





1. BACKGROUND

- 1.1 The Public Sector Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement.
- 1.2 The Standards specify that the annual report must contain:
- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework (i.e. the control environment);
 - A summary of the audit work (including organisational knowledge) from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
 - A statement of the extent of conformance with the Standards including progress against the improvement plan arising from any external assessments.

2. INTERNAL AUDIT OPINION 2023/24

- 2.1 The Head of Internal Audit's overall opinion on the Council's system of internal control is that:

Reasonable assurance can be given that there is an adequate and effective governance, risk and control framework in place, designed to meet the organisation's objectives.

All of the 10 graded assignments completed in 2023/24 resulted in an opinion of either Substantial or Reasonable assurance.

The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions. Implementation of agreed control improvement actions strengthens the organisation's framework of governance, risk management and control.

The Corporate risk register is regularly reviewed and updated, with trend analysis and good oversight by the Audit, Standards and Governance Committee. A stable governance framework is in place, which is deemed to be effective, and no significant weaknesses have been identified in 2023/24.



- 2.2 A summary of Internal Audit assurance opinions issued in 2023/24 is shown in Table 1 below:

Table 1 – Summary of Internal Audit Opinions in 2023/24

| Assurance Area | Substantial | Reasonable | Limited | No |
|-------------------------------|--------------------|-------------------|----------------|-----------|
| Financial | 2 | 3 | 0 | 0 |
| IT | 0 | 1 | 0 | 0 |
| Governance & Ethics | 0 | 2 | 0 | 0 |
| Strategic & Operational Risks | 2 | 0 | 0 | 0 |
| Totals | 4 | 6 | 0 | 0 |

3. REVIEW OF AUDIT COVERAGE

- 3.1 The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

Table 2 – Assurance Categories

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



The prioritisation of recommendations made by Internal Audit is based upon an assessment of the level of risk exposure. The Auditor's Opinion considers the likelihood of corporate/ service objectives not being achieved, and the impact of any failure to achieve objectives. In order that recommendations can be prioritised according to the potential severity of the risk, a traffic light system is used as follows:

Definition of Priority of Recommendations

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



3.2 Summary of Internal Audit Work

Table 3 details the assurance levels resulting from all audits completed during the year:

| Audit Area | Assurance Opinion |
|--|-------------------|
| Financial | |
| Debt Management | Reasonable |
| Council Tax | Reasonable |
| Benefits | Substantial |
| NNDR | Substantial |
| Treasury Management | Reasonable |
| IT | |
| ICT – Cyber Security | Reasonable |
| Governance & Ethics | |
| Risk Management | Reasonable |
| Project Management | Reasonable |
| Strategic & Operational Risks | |
| Grants Assurance | Substantial |
| Follow up reviews | Substantial |

Outlined at pages 12 to 19 is a short summary of the findings of each of the audits completed. It should be noted that many of these findings have previously been reported as part of the defined cycle of progress update reports provided to the Committee.

3.3 Critical Friend Review

In addition to the above assurance work, Internal Audit also carried out a critical friend review which focussed on establishing the extent to which key internal controls and procedures are in place ensuring transactions and balances recorded on the General Ledger are robust, that Account Receivable transactions are valid and to provide an indication on the extent to which updating of forecast outturn directly on Tech One by budget managers is progressing. Ensuring adequate controls are in place provides assurance that the general ledger records all financial transactions of the council which is essential as the general ledger supports financial reporting. The scope covered:

- Implementation and adherence to policies and procedures.
- Data from feeder systems - authorisation, completeness, accuracy and validity.



- Amendments by journals - authorisation, completeness, accuracy and validity.
- Suspense accounts are monitored and cleared on a timely basis following authorisation.
- Account reconciliations eg Bank Account.
- Account Receivable controls and procedures are in place to ensure transactions are accurate and valid.
- Effectiveness of budget monitoring arrangements.

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

- The reconciliation team take steps to investigate unreconciled balances recorded on bank reconciliation statements and where appropriate escalate to management for their consideration.
- There are clear processes in place to ensure that transactions held on feeder systems are downloaded and imported into Tech One.
- Clear procedures are in place to ensure that bank statement entries are downloaded and imported into Tech One on a daily basis.
- Monitoring of progress in reconciling suspense account transactions within account 20060 (Payment & Receipts) is undertaken by the Head of Finance and Customer Services.
- Examples found where cost centre managers updated Tech One with relevant comments following their review of forecast outturn.
- Cost centre managers reviewed open purchase orders to inform their review of forecast outturn.
- Examples found where accountants played an active part in the quarterly forecasting process via meetings held with cost centre managers.

There were areas identified where further improvements are necessary:

- Bank Reconciliation Statements: timely production; internal consistency; reconciling balances; and management review and authorisation.
- Bank statement entries: ensuring they are imported on daily basis and reconciled to the General Ledger
- Completion of Control Account Reconciliations eg Accounts Payable, Accounts Receivable and Payroll
- Monitoring & reporting progress in reconciling suspense accounts for Payments and Grants
- Assigning budgeting and forecasting packs to relevant budget managers
- Updating written procedures

Management were already aware of the above matters, and steps were being taken to address them on a priority basis. An action plan is in place and



progress is being monitored. Internal Audit will be conducting a full audit of this area later in 2024/25 which will assign a level of assurance and confirm the progress made.

3.4 **Adding Value**

Much internal audit work is carried out “behind the scenes” and is demand led but is not always the subject of a formal report. Examples include:

- Governance e.g. assisting with the Annual Governance Statement.
- Risk management.
- Dissemination of information regarding potential fraud cases likely to affect the Council.
- Drawing managers’ attention to specific audit or risk issues.
- Internal audit recommendations: follow up review and advice.
- Day to day audit support and advice for example risk implications arising from proposed changes in controls.
- Networking with audit colleagues in other Councils on professional points of practice.

3.5 **Coverage and resourcing**

As previously reported, the internal audit plan for 2023/24 was curtailed as a result of a high level of staff turnover during the year. Despite this, the level of coverage has increased slightly compared with the previous year, with 10 assurance opinions issued compared with 9 in 2022/23. The Head of Internal Audit is satisfied that sufficient work has been completed to issue a formal opinion for 2023/24. Subject to recruitment to one remaining vacant Auditor post, the resourcing issues have now been addressed and there will be 15 audits completed in 2024/25.



4. QUALITY ASSURANCE AND COMPLIANCE WITH PROFESSIONAL STANDARDS

- 4.1 The Public Sector Internal Audit Standards (the Standards) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The Standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.
- 4.2 The objectives of the Standards are to:
- Define the nature of internal auditing within the public sector;
 - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
 - Establish the basis for evaluation of internal audit performance and to drive improvement planning.
- 4.3 The Standards require that an independent External Quality Assessment (EQA) of the service be completed every 5 years. An EQA has just been completed in May 2024, and the results confirm that the service is operating in **General Conformance to the Standards**. This is the highest of the three available assessment grades. The findings of the external assessment are being used to develop a continuous improvement action plan which will be presented with a new Quality Assurance policy at the next Audit, Governance and Standards Committee meeting.
- 4.4 As part of the EQA a client satisfaction survey was issued and based upon a response from 15 senior client officers and members, there was a 92% positive satisfaction score. Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing environment that Internal Audit operates in. On-going dialogue will be maintained with the s151 Officer and the Client Officer Group which governs the shared service. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers all whom actively encourage and support the on-going development of the service.



5. ORGANISATION INDEPENDENCE

If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit is required to disclose this. The Head of Internal Audit can confirm that the Internal Audit service is independent and objective, and this is currently demonstrated in a number of ways:

- The Head of Internal Audit reports directly to the s151 officer at all partner organisations in the Shared Service and the equivalent Audit Committee. He also has direct unfettered access to the Heads of Paid Service, Monitoring Officers and Chairs of the Audit Committees.
- Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the Head of Internal Audit to the Head of Paid Service and the Chair of the Audit Committee.
- All officers responsible for internal audit work are required to complete an annual Declaration of Interests form, which is in turn reviewed by the Head of Internal Audit. In the case of the Head of Internal Audit, the form is reviewed by the Director of Corporate Resources (s151 officer) at Worcester City Council. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.
- The Audit, Governance and Standards Committee approves any significant consultancy activity included in the Internal Audit Plan.



6. LIMITATIONS INHERENT TO THE WORK OF INTERNAL AUDIT

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees, management override of controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.



Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

7. SUMMARY OF INTERNAL AUDIT FINDINGS

| Audit Area | Assurance Rating | Summary of Findings |
|---------------------|------------------|---|
| Treasury Management | Reasonable | <p>The scope of this review covered:</p> <ul style="list-style-type: none"> • Treasury Management procedures/strategy and reporting. • Borrowings and investments. • Treasury reconciliations. • Cash flow management. <p>This review did not cover the rationale for investment/borrowing decisions as this would be based on interest rates and risks at the time the borrowing/investment was made.</p> <p>The review found the following areas of the system were working well:</p> <ul style="list-style-type: none"> • Interest rates are calculated correctly. • Approvals are sought and given for deals. • Treasury Management strategies are comprehensive and up to date. • Data between working sheets, deals and the TechOne system are reconciled and accurate. <p>It was found that investment limits had been potentially exceeded between Bromsgrove and Redditch Authorities in one case. Management have agreed to revise the treasury management strategy for both Authorities to introduce a higher limit so that this issue does not recur.</p> |

| Audit Area | Assurance Rating | Summary of Findings |
|-------------|------------------|---|
| Council Tax | Reasonable | <p>This review has been undertaken to provide assurance that:</p> <ul style="list-style-type: none"> • Previous internal audit recommendations have been implemented. • Procedures for capturing and processing Council Tax information, including the setting up of new customer accounts and timely and accurate billing. • The application of discounts and exemptions on properties, and the respective billing amounts – including the 2022 Energy Rebate Scheme were being evidenced, applied, and monitored. • Processing of payments and refunds follows the adopted procedures. • The correct protocol was being used for the reminder process. • User profiling was managed to provide only relevant access to data. <p>This review did not cover:</p> <ul style="list-style-type: none"> • Recovery arrangements for non-payment i.e., summons onwards. • Write offs and associated procedures. • Performance monitoring <p>The review found that management and application of Energy Rebate Scheme had worked well. Overall, processing was found to be managed effectively and within a timely fashion.</p> <p>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.</p> |

| Audit Area | Assurance Rating | Summary of Findings |
|-----------------|------------------|--|
| Debt Management | Reasonable | <p>This risk based review was undertaken to provide assurance that debt recovery action takes place for sundry debts. This review did not cover the setting of fees and charges.</p> <p>The review found the following areas of the system were working well:</p> <ul style="list-style-type: none"> • Regular stop lists are sent to Environmental Services in respect of Business Waste, Garden Waste and Cesspools. • Analysis is undertaken of aged Garden Waste debt and presented to Environmental Services for their decision on the recovery action to be taken. • Work is in progress to analyse the aged Business Waste customer debt balances. • Analysis of Bromsgrove Lifeline debt was undertaken that shows balances that are outstanding, recommended for write off and those that require to be cancelled. The information has been presented to Telecare Services Team for their consideration. • Details on Allotment debt balances are sent to Environmental Services. <p>There is scope to broaden and embed aged debt reporting across the organisation and to use it as a performance management tool.</p> |

| Audit Area | Assurance Rating | Summary of Findings |
|------------|------------------|---|
| Benefits | Substantial | <p>The scope of this review covered:</p> <ul style="list-style-type: none"> • Implementation of previous internal 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. <p>This review did not cover:</p> <ul style="list-style-type: none"> • 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. <p>The review found the following areas of the system were working well:</p> <ul style="list-style-type: none"> • 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. <p>Testing identified 1 New Claim for Redditch Borough Council that was not backdated correctly. Management agreed to undertake additional accuracy checks of new claims to make sure they are awarded from the correct date.</p> |

| Audit Area | Assurance Rating | Summary of Findings |
|------------|------------------|---|
| NNDR | Substantial | <p>This review was undertaken to provide assurance on the process of collecting NNDR income via the billing process, and the application and monitoring of reliefs and exemptions on units.</p> <p>The scope included the following areas:</p> <ul style="list-style-type: none"> • Procedures for capturing and processing NNDR information, including the setting up of new customer accounts and timely and accurate billing. • Follow up of previous internal audit recommendations. • Assurance that exemptions, reliefs, and discounts are appropriately evidenced, applied, and monitored. • The processing of payments and refunds in line with adopted procedures. • Assurance that the correct protocol is being followed with regards to the reminder process and appropriate suppression is being managed. • Management of user profiling to provide only relevant access to data. <p>This review did not cover.</p> <ul style="list-style-type: none"> • Recovery for non-payment i.e., summons onwards. • Legislation relating to Covid-19 • Write offs and associated procedures. • Performance monitoring <p>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.</p> <p>There were no formal recommendations required.</p> |

| Audit Area | Assurance Rating | Summary of Findings |
|----------------------|------------------|--|
| ICT – Cyber Security | Reasonable | <p>This review was undertaken to provide assurance that:</p> <ul style="list-style-type: none"> • In the event of a cyber-attack there is a clear back up strategy in place, robust enough to recover files that are saved on cloud-based systems and back up tapes. • Appropriate preventative measures are taking place through robust training and communication to all staff and Council Members on cyber security. <p>As part of the ongoing improvements to monitor user interaction with Cyber awareness the ICT service has purchased a new training system which enables more cyber training to take place such as phishing / spam exercises.</p> <p>The review identified that Redditch Borough Council is an exemplar in its consideration to proactively monitor its defence to a cyber-attack as the ICT service conducts weekly health checks when it is only required to conduct a penetration health check annually.</p> <p>Redditch Borough Council has a Cyber Security Board in place. Meetings are minuted and used to have discussions around any areas that require improvements within the Councils cyber security arrangements. As well as this there is a regular Q&A session offered to staff where they can ask questions around any Cyber Security related concerns or learning requirements.</p> <p>The review found the following areas were working well:</p> <ul style="list-style-type: none"> • Frequent testing that takes place on the Microsoft Office 365 cloud-based backups, virtual servers' backups, HP Tapes drive back ups and file system backups. • The Council has a valid Public Service Network (PSN) certification. • There is clear communication available to all internal staff about cyber security and training available. • There is a robust control to ensure that all internal staff and third-party users complete cyber security training. There is no access to the system until they have completed it. |

| Audit Area | Assurance Rating | Summary of Findings |
|--------------------|------------------|---|
| | | <p>The review highlighted there is scope to further educate Members of the increasing cyber risk and the need to attend cyber security courses. A more detailed cyber security strategy will also be put in place to further strengthen the council's approach.</p> |
| Project Management | Reasonable | <p>The objective of this audit was to provide assurance that programme governance is robust with strategies for delivery in adherence with the grant terms and conditions.</p> <p>The scope covered:</p> <ul style="list-style-type: none"> • Project framework, project boards. • Evidence that the Councils are seeking and receiving assurance that the programme delivery and risk including budgets are being managed. • There are robust working practises for documentation capture. • The projects are compliant with the terms and conditions of the grant. • Emerging risks are identified, mitigated, or resolved. <p>The review found the following areas were working well:</p> <ul style="list-style-type: none"> • There was a strong system of documentation capture, with regular reporting. • Project structures were sound, with identification of responsible officers. <p>The termination of the contract with NWEDR and the transition to a new service & management presents significant risks. It is acknowledged that the Councils are in the process of establishing a new structure and service, which will help manage this.</p> |

| Audit Area | Assurance Rating | Summary of Findings |
|-------------------|------------------|--|
| Risk Management | Reasonable | <p>This review was undertaken to provide assurance that robust systems of risk management are in place with corporate management overview, with a culture of risk management embedded throughout the authority. The review did not cover the assessment and scoring of individual risks.</p> <p>The review found the following areas of the system were working well:</p> <ul style="list-style-type: none"> • Direction, guidance, and leadership from the Section 151 officers to risk champions was consistently praised. • Risk champions acted upon their responsibilities and displayed a desire for successful risk management. • The Audit, Standards and Governance committee is receiving detailed updates from officers. • The embedding of risk management across the council and its services is developing. • There is improved focus within the council towards risk. • There were 119 departmental risks, due to the management of the risk officer board they were reduced to 58 meaningful risks. <p>Further work to embed effective risk management is now needed, and was in progress. This includes establishing clear ownership for risks and actions, and development of an up to date strategy reflecting the Council's changed approach to risk management.</p> |
| Follow up reviews | Substantial | <p>The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions. Implementation of agreed control improvement actions strengthens the organisation's framework of governance, risk management and control.</p> |

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Quarterly Risk Update Q1 2024/5**

| | |
|--|--|
| Relevant Portfolio Holder | Cllr Ian Woodall Cabinet Member for Finance |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Debra Goodall, Head of Finance and Customer Services |
| Report Author: Peter Carpenter | Job Title: Director of Resources/Deputy Chief Executive Contact Pete Carpenter email: peter.carpenter@bromsgroveandredditch.gov.uk |
| 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 eighth 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 six meetings since the original baseline was reported.

Corporate Risks

3.7 Corporate Risks are summarised in the following table. There are no additions, but the Impact of Funding Changes to Partners (COR 15) has been removed now there is agreement to WRS Budgets of deletions since the Q4 2023/4 Position. As the table below highlights, a number of the existing risks have been revised due to impacts of mitigations in those areas and the national economic and political position.

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| Pos Q2 | Pos Q3 | Pos Q4 | Pos Q1 | Corporate Risk Description |
|--------|--------|--------|--------|--|
| COR 9 | COR 9 | COR 9 | COR 9 | Non-Compliance with Health and Safety Legislation |
| COR 10 | COR 10 | COR 10 | COR 10 | Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence |
| COR 14 | COR 14 | COR 14 | COR 14 | Nonadherence with Statutory Inspection Policy |
| COR 15 | COR 15 | COR 15 | | Impact from Changes to Partner Funding Arrangements |
| COR 16 | COR 16 | COR 16 | COR 16 | Management of Contracts |
| COR 17 | COR 17 | COR 17 | COR 17 | Resolution of the Approved Budget Position |
| COR 18 | COR 18 | COR 18 | COR 18 | Protection from Cyber Attack |
| COR 19 | COR 19 | COR 19 | COR19 | Adequate Workforce Planning |
| COR 20 | COR 20 | COR 20 | COR20 | Financial Position Rectification |
| COR 22 | COR 22 | COR 22 | COR22 | Delivery of Towns Fund, UK SPF Initiatives |
| COR 23 | COR 23 | COR 23 | COR23 | Cost of Living Crisis |
| COR 24 | COR 24 | COR 24 | COR24 | New Customer Facing Interface |
| | COR25 | COR25 | COR 25 | Environment Bill |
| | | COR26 | COR26 | General and Local Election |

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. The Council's Health & Safety arrangements are in the process of being audited externally and a report will be forthcoming.

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There are 4 departmental risks linked to this corporate risk.

Projects being informed by robust data and evidence –

Cabinet and 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. Once the new structure is in steady running it will come off this register as those risks will be dealt with locally as that framework will be in place.

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 are significant, including threat to life.

Management of contracts - Procurement Strategy was updated by C Young and training provided. Service Protocols, setting out expectations of service user and procurement went live 1st Jan 23 and did NO PO NO PAY and both are being monitored. Reports are going to Cabinet and Executive quarterly setting out new requirements in terms of contracting and transparency for the upcoming year as part of the quarterly Finance and Performance Report. The changes to procurement legislation will now take place in October 2024 and processes will be updated accordingly. This remains a key Corporate Risk due to the magnitude of contracts under management but has now moved to Green due to the mitigations in place.

There are 5 departmental risks linked to this corporate risk.

Resolution of the approved budget position - MTFP process is now 2 stages, and this was followed for both the 2023/4 and 2024/5 budgets. The final MTFP contains the S151 Officer's robustness statement which is key to sign off of a sustainable budget. Budget working group in both councils scrutinise proposals before Cabinet and Executive. Certainty of medium-term government support means this remains a significant risk for the authority. However, given that both Councils have balanced budgets for the present 3-year MTFP periods, especially compared to neighbouring Councils and the opinion of our Bankers that we are in a comparatively strong position, we have reduced the risk level to the lowest level. This might change but will be linked to the new Local and General Election Risk.

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Protection from cyber-attack – weekly penetration test, annual PSN Security Audit, regular internal audits, occasional LGA audit, Cyber Insurance requirements. In addition, we have 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. A recent Internal Audit has highlighted possible risk areas across a number of systems which will now require mitigating. More funding has been put in the 2024/5 and ongoing budgets to allow additional resources to help mitigate the risk.

There are 2 departmental risks linked to this corporate risk.

Adequate workforce planning - Workforce plan was launched in the summer and services now know their high-risk areas and the wider scheme is there to help mitigate risk through loss of staff. 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. This needs to be integrated into or wider management processes before the Risk level can change.

There are 2 departmental risks linked to this corporate risk.

Financial position rectification - Audit Committee reports set out progress on the financial recovery process back to Cabinet/Executive, Audit & Council. Risk was up rated to Red due to lack of clarity from the Government over Audit deadlines. An updated S24 Statement was issued in October 2023 and the Councils both hold significant risk in that they will run out of time for the 20/21, 21/22 and 2022/23 Audit processes. However, given that the 2020/21 Accounts have been submitted and there is a clear path to the delivery of the 21/22, 22/23 and 23/4 Accounts this Risk has been reduced to an Amber Risk. Quarterly Operational reporting is taking place and Council is delivering to the Key Recommendations of the 2020/21 and 2021/22 & 2022/23 Draft External Audit Reports. The issues in relation to debt management have been partially resolved as services are now starting to get debt reports again but will remain until the suspense accounts are fully cleared. It should be noted that now the opening balances are signed off and the 2020/21 Accounts have been submitted for Audit, the Council is in a similar position of the majority of other Councils in England – for which over 600 Audits up to 2022/3 remain outstanding.

Delivery of Towns Fund, and UKSPF Projects – There is a 6 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. With the change in political direction in Redditch significant work is being undertaken to mitigate any loss in grant from the library not moving. It is understood that there will not be a similar extension of time after the 31st March 2026 for Towns Fund projects that there has been for Levelling Up projects. All these schemes are presently in design and just about to move

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into delivery – there is the significant risks that costs might rise considerably which could lead to significant cost engineering/redesign and eat into limited time for delivery.

Cost of Living Crisis - Housing Register Access to Housing Benefit and Universal Credit Council budget. We have also noted an increase in insurance claims due to fires which are linked to this. Our Partnership Boards guide people to alternate providers of support. We understand this impacts different stakeholder Groups in different ways and need ways of evaluating the impact on them and the Council's services.

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. A work stream is due to report back in Q2 of 24/5 that sets out data deficiencies and rectification routes. However, full resolution will be a medium-term project.

The Environment Bill - New Statutory Requirements for delivery of a dedicated Food Waste Service, and changes to materials requiring collection by both Domestic & Commercial Waste Services. Financial impact on Councils to deliver new services. Primarily increased revenue costs on staff and vehicle operation and maintenance. Offset by Capital funding from Central Government to support assets related to "new burdens". Mitigation is partnership working with Worcestershire Waste Board and Members Task group to review requirements and future service delivery direction. Jointly funded partnership role by all Worcestershire LAs to support this work, alongside support from WRAP (Environmental NGO specialising in the Waste Industry). This is still Red due to potential significant funding gaps and non-receipt of final comprehensive legislation.

General and Local Elections - The General Election has the implications of significant policy and funding changes for the Local Government sector. To mitigate risks the Councils have election protocols, induction processes and run a 2 stage MTFP process, however the magnitude of change might well lead to a period of uncertainty. Given that the election has taken place in July, and not November or January which was originally thought, this risk has been reduced as there will now be time for the Local Government Settlement to be delivered fully and the possibility for it to be multi year.

We have raised in the past two other potential corporate risk. One is Terrorism Protection, where government guidance is just about to come out. The other is the financial position at Birmingham which we are already seeing the impact in terms of fly tipping on the Councils stakeholders and services.

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- 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
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
- 51 Departmental Risks – 1 Red, 31 Amber, 19 Green
The sixth set of reviews in December reduced this number to 47.
- 47 Departmental Risks – 1 Red, 30 Amber, 16 Green
The seventh set of reviews in March 2024 increased this number to 49.

3.10 **Position as at the 31st March 2024**

| Service Area | Red | Amber | Green | Total |
|--|------------|--------------|--------------|--------------|
| Customer Access and Financial Support | 2 | 5 | 3 | 10 |
| Finance | 0 | 2 | 1 | 3 |
| Environmental Services | 0 | 6 | 1 | 7 |
| Leisure & Cultural Services | 0 | 1 | 0 | 1 |
| Legal, Equalities, Democratic Services & Property | 0 | 3 | 2 | 5 |
| ICT | 0 | 2 | 0 | 2 |
| Planning Services | 0 | 1 | 0 | 1 |
| Housing | 0 | 10 | 5 | 15 |
| Community Services | 0 | 2 | 2 | 4 |
| HR | 0 | 0 | 1 | 1 |
| Total | 2 | 32 | 15 | 49 |

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REV7 - Revenues - Performance Indicator data is not robust. The risk Revenues Data Compliance has been added and is also Red.

3.11 Position as at the 30th June 2024

| Service Area | Red | Amber | Green | Total |
|--|------------|--------------|--------------|--------------|
| Customer Access and Financial Support | 1 | 5 | 4 | 10 |
| Finance | 0 | 2 | 1 | 3 |
| 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 | 0 | 2 |
| Planning Services | 0 | 1 | 0 | 1 |
| Housing | 0 | 9 | 6 | 15 |
| Community Services | 0 | 1 | 2 | 3 |
| HR | 0 | 0 | 1 | 1 |
| Total | 1 | 29 | 17 | 47 |

3.12 The table at Appendix A sets out the detail of these departmental Risks and links them where relevant to Corporate Risks. The table sets out the RAG rating for each of these risks for the Quarters 2-4 2023/24. Those risks that have been mitigated have a “black” colour in the quarter that stopped becoming a Departmental Risk. Risks ENV11 and COM 16 have been mitigated in this way and have come off the departmental registers.

The Red Risk REV7 - Revenues - Performance Indicator data has now been partially mitigated and becomes an Amber Risk. The risk Revenues Data Compliance (REV 18) remains a Red Risk.

WRS risks, as per their Board Pack for June 2024 are attached at Appendix C.

3.13 This is a decrease of risks since the last report.

3.14 This report sets out the position a year following the initial baselining of council risks. This is the eighth 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 to embed processes and validate Risks on the register.

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- 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 Committees of both Councils reviewed Risk Registers on a quarterly basis. These reports have also been presented to Cabinet although this has stopped 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, Standards and Governance 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:

- 3.15 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” as these link to fixed term contracts. The most significant risk is now the Safeguarding Risk which affects all service areas. There is a new Red Risk linked to data quality in Revenues services, but as already highlighted the performance data risk has now moved from RED to AMBER. There have recently been two issues that are linked to safeguarding. Because of this, end-to-end processes are being reviewed.
- 3.16 The majority of Housing risks are compliance and/or Health and Safety led. We noted earlier in the year 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 (see the later insurance section). The volume of these disrepair claims are going down however it should be noted that as disrepair is linked to workmanship it is non insurable for the Council. There is still significant work being undertaken at St Davids.
- 3.17 There is a new risk in finance linked to staff non-compliance of procurement processes. This will be mitigated by additional training. It should be noted, that to provide more financial support to managers (FIN1) courses are being devised to improve budget manager skills and their understanding of how best to effectively use TechOne.
- 3.18 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. Existing staff are presently undertaking accreditation exams in order to mitigate the issue.
- 3.19 Given the significant cyber risks faces by Council’s, as noted in the Corporate Risks section, it is important Members and Officers engage to mitigate this risk. Using KnowBe4 functionality is assisting, and the associated penetration tests is assisting in mitigating this

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risk for both Members and Staff. As noted earlier, the Council have successfully renewed their cyber insurance policy.

- 3.20 With Property, the biggest risk we face in the future is the new works in the Town Hall. 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. Given a New Assistant Director of Regeneration and Property begins in August there will be a full review of all risk and issues linked to these areas and this will feed through to the Q2 Risk Report.

Insurance

- 3.21 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.
- 3.22 The Council are in their final year of the present insurance contracts. The Council is now running a year after other Worcestershire Councils who are renewing in this financial year. As such, the Council is just renewing/extending its contracts for a single year. An issue remains Property information. Insurers are now requesting significantly more detail and it will take 12 months to get data to the required standard. This issue does highlight a deficiency in property data capture – which links to the Corporate Customer Risk linked to data.
- 3.23 The increases in fires seen in recent reports have reduced as have Damp/Mould claims and it should be noted that we have the lowest claims levels across Worcestershire for Parks and Open spaces – which is traditionally where the high public liability claims are. In addition to this we are defending these claims well due to the quality of data held in this area
- 3.24 In assessing renewal data we have seen a large reduction in trips/slips, although this could be due to more of the population working from home and potholes is not the issue in Redditch that it is in other areas.
- 3.25 It is important when fighting claims that we maintain the correct records and the new CIVICA Housing system will help with this

The Risk Management Framework

- 3.26 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. This will be organised following the General Election.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****4. Legal Implications**

4.1 No Legal implications have been identified.

5. Financial Implications

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

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

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

Climate Change Implications

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

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

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

Operational Implications

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

8. RISK MANAGEMENT

8.1 This report is about Risk Management.

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****25th July 2024****Appendix A - Present Departmental Risks**

| Council | Q2 | Q3 | Q4 | Q1 | Risk Description | Corp Risk |
|---------|--------|--------|--------|--------|--|-----------|
| Both | BEN 1 | BEN 1 | BEN 1 | BEN 1 | Fail to effectively resource the service to meet demand | COR 9 |
| Both | BEN 3 | BEN 3 | BEN 3 | BEN 3 | Impact of Welfare Reform Act | |
| Both | BEN 6 | BEN 6 | BEN 6 | BEN 6 | Impact of ELF scheme | |
| Both | BEN 7 | BEN 7 | BEN 7 | BEN 7 | Benefits subsidy | |
| Both | BEN 9 | | | | Failure to meet Audit requirements | |
| Both | CUS 3 | CUS 3 | | | Failure to deal with complaints to customers satisfaction | |
| Both | CUS 7 | CUS 7 | CUS 7 | CUS 7 | RBC/BDC Fail to ensure the adequate security arrangements for Customer Service Centres | COR 9 |
| Both | REV 4 | REV 4 | REV 4 | REV 4 | Failure to effectively manage change | |
| Both | REV 7 | REV 7 | REV 7 | REV 7 | Performance Information data is not robust | |
| Both | REV 11 | REV 11 | REV 11 | REV 11 | Reduced collection rates | |
| Both | REV 12 | | | | Failure to meet Audit requirements | |
| Both | REV 16 | REV 16 | | | Maintenance and Recovery of Collection Performance Post Covid | |

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| | | | | | | |
|------|-----------|-----------|-----------|-----------|--|-------|
| Both | REV 17 | REV 17 | REV 17 | REV 17 | Failure of corporate Fraud and Compliance team | |
| Both | | | Rev18 | REV 18 | Data Compliance | COR24 |
| Both | FIN 1 | FIN 1 | FIN 1 | FIN 1 | Fail to provide adequate support to managers to manage their budgets | COR10 |
| Both | FIN 4 | | FIN4 | FIN 4 | Fail to effectively manage high value procurements resulting in breach of EU procurement rules. | COR16 |
| Both | | | FIN7 | FIN 7 | Purchasing Non-Compliance | COR16 |
| Both | ENV 7 | ENV 7 | ENV 7 | ENV 7 | Fail to adequately maintain and manage car parking and On Street enforcement | |
| Both | ENV 9 | ENV 9 | ENV 9 | ENV 9 | Avoidable damage to fleet arising from staff behaviour and non-compliance | |
| Both | ENV 10 | ENV 10 | ENV 10 | ENV 10 | Fail to ensure adequate Health & Safety across the service | COR 9 |
| Both | ENV 11 | ENV 11 | ENV 11 | | Fail to engage with the WCC regarding land associated with highway maintenance | |
| Both | ENV 20 | ENV 20 | ENV 20 | ENV 20 | Workforce planning | COR19 |
| Both | ENV 22 | ENV22 | ENV 22 | ENV 22 | PDMS - New Environmental database | |
| Both | | | ENV 26 | ENV 26 | Environmental Enforcement | |
| Both | L&C 2 | L&C 2 | L&C 2 | 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 | LED 9 | LED 9 | LED 9 | Failure to ensure that Council Owned buildings, Property | |

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| | | | | | | |
|------|--------|--------|--------|--------|---|-------|
| | | | | | Assets and Facilities remain fit for purpose now and for the future. | |
| Both | LED 10 | LED 10 | LED 10 | LED 10 | Fail to optimise the income from Commercial properties | |
| Both | LED 11 | LED 11 | LED 11 | LED 11 | Fail to effectively manage property assets | |
| Both | LED 12 | LED 12 | LED 12 | LED 12 | Fail to effectively manage the disposal of assets as part of asset disposal programme | |
| Both | LED 13 | LED 13 | LED 13 | 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 | ICT 7 | ICT 7 | ICT 7 | Failure to identify, maintain and test adequate disaster recovery arrangements | COR18 |
| Both | ICT 15 | ICT 15 | ICT 15 | ICT 15 | Members and Data protection Training | |
| Both | PLA 11 | PLA 11 | PLA 11 | PLA 11 | Loss of effective Building Control service due to changes in legislation / Hackett / Grenfell | COR19 |
| Red | HOU 2 | HOU 2 | HOU 2 | HOU 2 | Fail to effectively manage housing repairs and maintenance | COR14 |
| Both | HOU 7 | HOU 7 | HOU 7 | HOU 7 | Fail to manage impact of increasing homelessness cases and Recruitment challenges | COR19 |
| Red | HOU 8 | HOU 8 | HOU 8 | HOU 8 | Inability to collect rent and rent arrears | |
| Red | HOU 9 | HOU 9 | HOU 9 | HOU 9 | Fail to effectively management leaseholder properties | |
| Both | HOU 10 | HOU 10 | HOU 10 | HOU 10 | Fail to effectively manage capital projects (also the right contracts | |

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| | | | | | | |
|------|-----------|-----------|-----------|-----------|---|-------|
| | | | | | are put in place, internal and external) | |
| Red | HOU 11 | HOU 11 | HOU 11 | HOU 11 | Potential for an increase in right buys | |
| Red | HOU 12 | HOU 12 | HOU 12 | HOU 12 | Failure to Achieve CQC Compliance at St Davids House | COR14 |
| Both | HOU 14 | HOU 14 | HOU 14 | HOU 14 | Failure to complete annual gas Safety Inspections | COR14 |
| Red | HOU 15 | HOU 15 | HOU 15 | HOU 15 | Risk of legionella in housing with communal facilities | COR14 |
| Red | HOU 16 | HOU 16 | HOU 16 | HOU 16 | Housing Revenue Account | |
| Both | HOU 19 | HOU 19 | HOU 19 | HOU 19 | Failure to comply with Charter for Social Housing and the Regulator | COR14 |
| Both | HOU 21 | HOU 21 | HOU 21 | HOU 21 | Non-compliance with Asbestos Regulations | COR14 |
| Both | HOU 22 | HOU 22 | HOU 22 | HOU 22 | Non-compliance with Regulatory Reform (Fire Safety) Order 2005 - Blocks of flats and communal entrances | COR14 |
| Both | HOU 27 | HOU 27 | HOU 27 | HOU 27 | Failure to comply with IEE regulations | COR14 |
| Both | HOU 28 | HOU 28 | HOU 28 | HOU 28 | Damp and Mould In Council Housing | COR14 |
| Both | COM 3 | COM 3 | COM 3 | COM 3 | Safeguarding - Inadequate child and adult protection systems/process. | COR14 |
| Red | COM 16 | COM 16 | COM 16 | | Lifeline - Impact of the telephony network digital upgrade on the service | |
| Both | COM 17 | COM 17 | COM 17 | COM 17 | Starting Well Partnership – underperformance of contract | COR16 |

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| | | | | | | |
|------|-----------|-----------|-----------|-----------|--|-------|
| Both | COM 18 | COM 18 | COM 18 | COM 18 | Social Prescribing – underperformance of contract | COR16 |
| Both | HR 2 | HR 2 | HR 2 | HR 2 | Fail to monitor and respond to changes in employment legislation | COR14 |

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****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:

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

Position as at 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 |

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**Position as at the 31st of December 2023

| Service Area | Red | Amber | Green | Total |
|--|------------|--------------|--------------|--------------|
| Customer Access and Financial Support | 1 | 6 | 4 | 11 |
| Finance | 0 | 1 | 0 | 1 |
| 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 | 0 | 2 |
| 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 | 16 | 47 |

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****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 | 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. |
| 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 |

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| | | | | | | |
|--|--|----------|-----|------|-------|--|
| | | | | | | <p>and additional training to bring more people into the regulatory professions.</p> <p>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.</p> <p>Whilst we have good resource of our own, in event of an issue, there are limits to who we can ask for help.</p> <p>Regional and sub-regional groups are in place so can provide shared resources for local authorities if required.</p> <p>Effective training and development processes are in place to ensure recruitment and retention of staff.</p> <p>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.</p> <p>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.</p> |
| 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. |
| 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. |

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| 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. |
| 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, New performance regimes are introduced that the service is not staffed to address | Intervention by Government bodies Other national bodies seek to introduce similar frameworks to the FSA Code to get what they regard as suitable minimum levels of service. We understand that Government is asking its central competent bodies to ensure that regulatory regimes are fit for purpose and do not pose a risk to UK exports post BREXIT as the UK no longer has the cover of the EU taking on this role. This may make new codes or performance | 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. 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. This has been noted by the Agency and they are now seeking to drive all authorities back into line with the Code, with the threat of ministerial direction if required. The |

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

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|---------------------------------------|---|----------|------|------|------------------|--|
| | frameworks in areas outside of food law more likely. NB: Food Standards Agency is addressed below. | | | | | major changes envisaged for the Code have been delayed until 2027. And whilst this change is likely to move closer to the WRS model of operation, it is unlikely to wholly embrace the intelligence-led approach. See below for specific risk. 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. |
| Compliance with Food Code of Practice | Adverse comments following audits. FSA, can seek ministerial direction to make LAs comply with its Code of Practice | On-going | High | High | Amber/Red | This is a subset of the section above line as FSA is the only body currently with a statutory code that LAs must have significant regard to, plus it has the power to apply for Ministerial Orders to force LAs to comply with the letter of the Code. Until recently the Agency appears to have been happy to allow LAs to experiment as long as they abide by the spirit of the code and resource the function at a reasonable level. It has now changed tack and is seeking to push local authorities to operate much more closely to the letter of the code in an effort to create additional resource. A paper went to the FSA Board at the end of 2023, expressing concern about resourcing levels in both Env Health and Trading Standards resulting in a public call for local and central government to work together to remedy this. The partners are looking to make a significant investment in resources to address most of the Agency's concerns, but it will not allow full compliance with the Code. Having said this, there is limited risk in the variations that will remain in place and full compliance with the code would require a full redesign of operations within Community EH and further financial investment. |

| | | | | | | |
|---|---|-------------------------|--------|--------|--------------|--|
| 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 | 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 |
| Failure to successfully transition the Planning and Environment Enforcement functions to WRS | Damage to reputation, or enforcement cases | April to September 2024 | Medium | Medium | Amber | Appropriate contract negotiations will set out the service level agreement (update to the Statement of Partner Requirements) and early recruitment will assist with reducing the risk of a successful transfer of service areas. |

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Financial Compliance Report**

| | |
|--|---|
| Relevant Portfolio Holder | Cllr Ian Woodall Cabinet Member for Finance |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Debra Goodall |
| Report Author | Job Title: Head of Finance & Customer Services Contact email: debra.goodall@bromsgroveandredditch.gov.uk |
| 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. | |
| Exempt Information – None | |

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, its 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 its “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.

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- 2.2 Following Audit Committee training on the 28th May, given the importance of this data and the number of new Members on this Committee, this data is contained in Appendices A, B and C.
- 2.3 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.
- 2.4 Draft 2020/21 Accounts have been presented to Audit Committee for comment in May and are open for Public Inspection. 2021/22 to 2023/4 are being worked on in sequence with 21/22 and 22/23 being in draft by August.
- 2.5 The 2024/5 budget was approved at Council on the 26th February 2024.

Legislative Requirements

- 2.6 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.
- 2.7 The following are key legislative deliverables, which were circulated by the Government in December 2023 for the period December 2023, through the 2024/5 financial year. Delivery against these requirements will be set out in the final column of the table.

| Form | Code | Description | Proposed Dispatch | Deadline | Proposed Publication | Position |
|---|-------|--|-------------------|-----------|----------------------|----------------------------------|
| Capital Payments & Receipts - Q3 | CPR3 | Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2023-24 | 15-Dec-23 | 19-Jan-24 | 15-Feb-24 | Delivered 26/1/24 |
| Non-Domestic Rates Forecast | NNDR1 | Billing authority forecasts of the amount of non-domestic rates to be collected in the 2024-25 | 15-Dec-23 | 31-Jan-24 | 21-Feb-24 | Delivered 9/2/24 (Civica issue) |
| Council Tax & NDR Collection - Q3 | QRC3 | Quarterly return of how much council tax and non-domestic rates are collected in Q3 2023-24 | 15-Dec-23 | 12-Jan-24 | 14-Feb-24 | Delivered 15/2/24 (Civica issue) |
| Quarterly Borrowing & Lending - Q3 | QB3 | Local authority borrowing and investments from all local authorities to the end of Q3 2023-24 | 15-Dec-23 | 08-Jan-24 | 15-Feb-24 | Delivered 17/1/24 |
| Quarterly Revenue Update - Quarters 3 & 4 | QRU3 | Quarter 1 to 3 2023-24 data and forecast end year local authority revenue expenditure update. | 15-Dec-23 | 26-Jan-24 | 07-Mar-24 | Delivered 19/2/24 |

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|--|------------|---|------------------|-----------|-----------|------------------------------------|
| Council Tax Requirement/ Parish Council Tax | CTR1/2/3/4 | Information on council tax levels set by local authorities in 2024-25 and Council tax levels for 2024-25 set by parishes. | 02/02/2024 (tbc) | 11-Mar-24 | 21-Mar-24 | Delivered 26/2/24 |
| of which: Parish council tax | - | - | - | 11-Mar-24 | 08-May-24 | Delivered 26/2/24 |
| Revenue Account Budget | RA | Local authority revenue expenditure and financing for 2024-25 Budget | 16-Feb-24 | 05-Apr-24 | 20-Jun-24 | Draft completed. 8/4/24 |
| Capital Estimates Return | CER | Capital forecast for 2024-25 | 23-Feb-24 | 22-Mar-24 | 13-Jun-24 | Delivered 22/3/24 |
| Non-Domestic Rates Outturn-unaudited | NNDR3 | Collects information from all billing authority on the amount of non-domestic rates collected in 2023-24- provisional data | 28-Mar-24 | 30-Apr-24 | 10-Jul-24 | Draft delivered to Pool 14/4 |
| Non-Domestic Rates Outturn-audited | NNDR3 | Collects information from all billing authority on the amount of non-domestic rates collected in 2023-24- final data | n/a | 30-Sep-24 | 15-Nov-24 | |
| Quarterly Borrowing & Lending - Q4 | QB4 | Local authority borrowing and investments from all local authorities to the end of Q4 2023-24 | 22-Mar-24 | 05-Apr-24 | 13-Jun-24 | Delivered 5/4/24 |
| Capital payments & receipts Q4 and provisional outturn | CPR4 | Cumulative capital expenditure and receipts for Q1, Q2, Q3, and Q4 2023-24. Expanded collection, used as provisional outturn. | 22-Mar-24 | 19-Apr-24 | 13-Jun-24 | Delivered 29/4/24 |
| Council Tax & NDR Collection - Q4 | QRC4 | Annual data of levels of council tax and non-domestic rates collected by local authorities in 2023-24 and Q4 2023-24 | 12-Apr-24 | 03-May-24 | 19-Jun-24 | Delivered |
| Capital Outturn Return | COR | Final capital outturn figures for 2023-24 | 26-Apr-24 | 26-Jul-24 | 10-Oct-24 | Expected to be completed by 5/7/24 |
| Revenue Outturn suite - provisional | RO | Local authority revenue expenditure and financing for 2023-24 Outturn (provisional) | 26-Apr-24 | 28-Jun-24 | 29-Aug-24 | Expected to be completed by 5/7/24 |
| Revenue Outturn suite - certified | RO | Local authority revenue expenditure and financing for 2023-24 Outturn (final) | n/a | 11-Oct-24 | 12-Dec-24 | |
| Exit payments | - | Local authority exit payments 2023-24 | 03-May-24 | 07-Jun-24 | 18-Jul-24 | Delivered 05/06/2024 |

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|---|-------|--|-----------|-----------|-----------|-------------------------|
| Quarterly Borrowing & Lending - Q1 | QB1 | Local authority borrowing and investments from all local authorities to the end of Q1 2024-25 | 24-Jun-24 | 05-Jul-24 | 08-Aug-24 | Delivered 10/07/2024 |
| Quarterly Revenue Update - Q1 | QRU1 | Q1 2024-25 data and forecast end year local authority revenue expenditure update | 28-Jun-24 | 02-Aug-24 | 12-Sep-24 | |
| Capital Payments & Receipts - Q1 | CPR1 | Cumulative capital expenditure and receipts for Q1 2024-25 | 21-Jun-24 | 19-Jul-24 | 08-Aug-24 | Delivered 19/07/2024 |
| Council Tax & NDR Collection - Q1 | QRC1 | Quarterly return of how much council tax and non-domestic rates are collected in Q1 2024-25 | 21-Jun-24 | 12-Jul-24 | 14-Aug-24 | Delivered 12/07/2024 |
| Local Government Pension Funds | SF3 | Collect information on income and expenditure on local government pension schemes for 2023-24 | 05-Jul-24 | 13-Sep-24 | 23-Oct-24 | |
| Council Tax Base/ Supplementary | CTB | Information about the 2024 council tax base for each billing authority. | 20-Sep-24 | 11-Oct-24 | 06-Nov-24 | |
| Quarterly Borrowing & Lending - Q2 | QB2 | Local authority borrowing and investments from all local authorities to the end of Q2 2024-25 | 23-Sep-24 | 04-Oct-24 | 14-Nov-24 | |
| Quarterly Revenue Update - Q2 | QRU2 | Quarter 1 & 2 2024-25 data and forecast end year local authority revenue expenditure update | 20-Sep-24 | 25-Oct-24 | 05-Dec-24 | |
| Capital Payments & Receipts - Q2 | CPR2 | Cumulative capital expenditure and receipts for Q1 and Q2 2024-25 | 20-Sep-24 | 20-Oct-24 | 14-Nov-24 | |
| Council Tax & NDR Collection - Q2 | QRC2 | Quarterly return of how much council tax and non-domestic rates are collected in Q2 2024-25 | 20-Sep-24 | 04-Oct-24 | 20-Nov-24 | |
| Capital Payments & Receipts - Q3 | CPR3 | Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2024-25 | 13-Dec-24 | 17-Jan-25 | 13-Feb-25 | |
| Non-Domestic Rates Forecast | NNDR1 | Billing authority forecasts of the amount of non-domestic rates to be collected in the 2025-26 | 13-Dec-24 | 31-Jan-25 | 19-Feb-25 | |
| Quarterly Revenue Update - Quarters 3 & 4 | QRU3 | Quarter 1 to 3 2024-25 data and forecast end year local authority revenue expenditure update. | 13-Dec-24 | 24-Jan-25 | 06-Mar-25 | |

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| | | | | | | |
|---|------------|---|--|---------------------|---|-------------------------------|
| Quarterly Borrowing & Lending - Q3 | QB3 | Local authority borrowing and investments from all local authorities to the end of Q3 2024-25 | 13-Dec-24 | 06-Jan-25 | 13-Feb-25 | |
| Council Tax & NDR Collection - Q3 | QRC3 | Quarterly return of how much council tax and non-domestic rates are collected in Q3 2024-25 | 13-Dec-24 | 10-Jan-25 | 12-Feb-25 | |
| Council Tax Requirement/ Parish Council Tax | CTR1/2/3/4 | Information on council tax levels set by local authorities in 2025-26. Council tax levels for 2025-26 set by parishes | Early Feb 2025 | 12-Mar-25 | 20-Mar-25 | |
| of which: Parish council tax | - | - | Early Feb 2025 | 12-Mar-25 | 07-May-25 | |
| Revenue Account Budget | RA | Local authority revenue expenditure and financing for 2025-26 Budget | 14-Feb-25 | 04-Apr-25 | 19-Jun-25 | |
| Capital Estimates Return | CER | Capital forecast for 2025-26 | 21-Feb-25 | 21-Mar-25 | 12-Jun-25 | |
| Monthly Borrowing & Lending | MB | Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics | 5 working days before 1st working day of the month | Day 5 of each month | for quarter months only, see QB1, QB2, QB3, QB4 dates | Delivered by deadline to date |
| Local Government Finance Statistics | LGFS33 | Annual compilation of finance data collected from local authorities covering out-turn data for 2022-23 | N/A | N/A | Spring 2024 | |

Pooling of Housing Capital Receipts – 23/4 Delivered

2.8 In wider sets of deliverables (outside the 2024/5 DLUHC Listing) we have the following returns that have been delivered:

- **Budget**
 - Delivered by 11th March in preceding financial year – **2024/5 Budget and MTFP delivered 26th Feb 2024**
 - Council Tax Base – Yearly – **2024/25 delivered in 9th January 2024**
 - Council Tax Resolution – **Yearly 2024/5 delivered in 26th February 2024**
 - Council Tax Billing – Yearly – **Bills distributed in March 2024**
- **Policies**
 - Treasury and Asset Management Strategies
 - **2024/5 Strategy Approved 26th Feb 2024**
 - Half Yearly Report **delivered in Q3 Monitoring Report 18 March 24**
 - Draft Outturn Report **delivered in September 23**

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- Council Tax Support Scheme – **24/5 Approved on 9th January 2024.**
- Minimum Revenue Provision – yearly – **Approved as part of the 2**
- **24/5 MTFP.**
- Financial Monitoring – **delivered quarterly to Executive – Q1 in October, Q2 in November 2023. Q3 In March 2024.**
- Risk Management – **Delivered quarterly to this Committee (Q4 delivered today)**
- Savings Report – **Delivered quarterly to this Committee (Q4 delivered today)**
- Financial Controls (still in development)
 - Clearance of suspense accounts – See the chart at the end of this Report for progress.
 - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 and prior year items.**
- Over £500 spending.
 - **Updated to February 2024.**

The following deliverables, prior to December 2023 are still to be delivered:

- **Closure**
 - Draft Accounts for 2021/22 and 2022/23.
 - 2020/21 Audit **see later section.**
- Government Returns
 - VAT – Monthly
 - **Still to be delivered for 20/21 – dependent on closure of accounts, discussions ongoing with HMRC.**
 - Revenue Outturn Reports – July
 - **Still to be delivered for 21/22 – dependent on closure of accounts**
 - Whole of Government Accounts Returns – August
 - **No longer required to be delivered for 20/21,21/22 and 22/23 – 2023/24 dependent on closure of accounts**

2.9 The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2021/22 and the VAT returns. These will now be completed over the summer as draft accounts are compiled.

Update on the Statement of Accounts

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

- **Closure 2020/21**
 - Agreement of Treatment of Take on Balances – The final position on the Opening Balances is a difference between eFin to the Opening Balances on TechOne of £63k, which is just above the Council's trivial materiality level of £60k, **The 2020/21 Accounts were presented to Audit Committee in May for comment and have now been opened for public scrutiny.**
- **Closure 2021/22**
 - Draft 21/22 Accounts are now being prepared and a draft (without any 2020/21 Audit Adjustments) is expected in July. Once ready with will be published on the

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Council's Website with the appropriate disclaimers. This will include the final outturn position.

- Audit and Sign-Off of the Accounts following Audit of 2020/21 Accounts dependent on the Governments proposed Statutory Closure deadlines.
- **Closure 2022/23**
 - Draft 22/23 Accounts (without any 2020/21 or 2021/22 Audit Adjustments) is expected in August. Once ready with will be published on the Council's Website with the appropriate disclaimers. This will include the final outturn position.
 - Audit and Sign-Off of the Accounts following Audit of 2020/21 Accounts dependent on the Governments proposed Statutory Closure deadlines.
- **2023/4 Accounts**
 - "Nuts and bolts" closure being completed for the end of May 2024.
 - Accounts must be completed and Audited under the present updated rules by the 31st March 2025.
 - Draft Outturn Position has been reported to Executive on the 9th July.
- **Closure Process being undertaken (high level view)**
 - The Council are closing 3 years in parallel and concurrently.
 - DG has updated the 21/2 and future years formats so easier to manipulate and complete.
 - IAS19 Pension Reports have been received and will be addressed on a concurrent basis.
 - Initial PPE valuations have been received and updates to these are being made following discussions with the valuers. All three years are being provided at the same time and will be combined into a single document.
 - NNDR/Council Tax (Collection Fund) – Journals awaiting actioning.
 - Reconciliations – significant team of 5 now working on these over all the open financial years. Balanced transactions currently being posted into the ledger
 - Bank Reconciliation – Banks have been reconciled although the correcting journals have not been actioned.
 - VAT working plan required in order to move from central assessment in Q2 2024/5.
 - Working in parallel with Rubicon to clear their existing Audit queries due to their Companies Act reporting requirements.
- Value for Money Opinions for 2021/22 and 2022/23. External Auditors delivered their joint Value for Money Opinions in November 2023:
 - S24 Recommendation still in place and extended for 2021/2 and 2022/3 Accounts.
 - 5 of the 6 2020/21 Key Recommendations either delivered or now linked to Improvement Recommendations.
 - 9 of 13 2020/21 Improvement Recommendations either fully or partially delivered.
 - One new Key Recommendation – linked to Workforce Strategy.
 - Ten updated Improvement Recommendations.

2.11 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

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

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:

- All accounts up to 2022/23 to be completed by the 30th September 2024.
- Year ended 31 March 2024: 31 May 2025.
- Year ended 31 March 2025: 31 March 2026.
- Year ended 31 March 2026: 31 January 2027.
- Year ended 31 March 2027: 30 November 2027.
- Year ended 31 March 2028: 30 November 2028.

The Council replied to consultations from DLUHC and the NAO in early March.

2.12 The NAO issued guidance on the 19th June for Auditors. This Supplementary Guidance Note (SGN) set out that:

- Auditors will be aware that on 22 May, the Prime Minister called a general election for 4 July. As a result, Parliament was dissolved on 30 May. This means that the proposals consulted upon by the NAO and DLUHC respectively for changes to the Code of Audit Practice and the introduction of statutory publication deadlines for audited accounts ('backstop' dates) cannot proceed until a new Parliament is formed and the new government has had the opportunity to consider whether it wishes to proceed with the proposals.
- Until then, auditors should continue to follow the current Code of Audit Practice. Where auditors are planning to complete audits, they should continue to make every effort to do so and as soon as possible.
- As information on the new government's policy for local audit in England becomes available the C&AG will keep the need for further guidance under review. He will also consider the timetable for a new Code of Audit Practice which will have to be in place by March 2025 as the current Code reaches the end of its five-year life.
- Until the new government has a policy position on the future of local audit in England it is not possible to provide any further clarity to auditors on next steps above and beyond what is set out in this SGN.

2.13 Bishop Fleming, our Auditors for 23/4 onwards, are still waiting for the formal outcomes of the various consultations (NAO, DLUHC and CIPFA) which took place earlier this year and therefore do not know exactly what this will mean for any audits which are likely to have disclaimed audits up to and including 2022/23. Their view is that it is better for them to pause issuing any audit plans for now. When they have the outcomes, they will be in a better position to set out what work they as auditors need to do on disclaimed audits. (They had hoped by this stage (July) they would have this information but clearly but clearly this has not been the case as per the guidance note in 2.12 above.)

2.14 The Council is now on the latest version of TechOne although because Redditch and Bromsgrove are still the only Council's on Cash Receipting, when the weekly updates come in they have to do additional checks to ensure the functionality is working as expected. The Council will now update to the latest version of TechOne every summer.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Update on the Budget and ongoing Monitoring.**

- 2.15 The Councils 2024/25 Budget was approved on the 26th February 2024 at Council. Budgets will be loaded onto TechOne in March.
- 2.16 Quarter One 2023/4 financial and performance monitoring went to Executive in October and the Quarter Two Monitoring went to Executive in November. The financial monitoring for Quarter 2 was delivered for the first time directly from the TechOne system with budget managers data input onto it and not into spreadsheets. Quarter Three Monitoring was delivered to Executive in March.
- 2.17 To increase capacity, a number of the finance posts presently covered by Agency have been advertised internally and externally. Interviews for these posts took place on the 25th and 26th of January and 5 offers have been accepted.

Compliance Items

- 2.18 There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of both the Draft External Audit Report 2020/21 and the Combined 2021/22 & 2022/23. 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.
- Payments Purchase Order Training takes place monthly.

New tranches of training are being organised

Treasury Management

- The Half Yearly 2023/4 Treasury Management Report was presented to Executive on the 18th March.

Audit VFM Report Requirements (From the draft 2021/2 and 22/3 Reports)

- More Budget Consultation.
- Wider savings monitoring will be undertaken by this Committee quarterly.
- Capital and its deliverability will be reviewed as part of the Budget Tranche 2.
- Benchmarking is now incorporated into the budget process (using LG Futures data).

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- The Internal Audit Service will be externally assessed in early 2024.
- The Council will seek and independent Audit Committee member and ensure the Committee remains apolitical in nature.
- The whistleblowing policy will be updated before the end of the financial year.
- Procurement and contract rules will be updated by the end of the financial year (to reflect changes to legislation happening in April 2024).
- Performance Indicators will be reviewed and updated following Strategic Priority setting sessions.

The Council is still to run sessions to assess its “risk appetite.”

Errors:

- Non delivery of GPC Card Data (monthly basis) – still to be started.
- Miscoding 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.
- The number of contracts in place is growing regularly. 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.
- Council in July approved an increase of the Key Decision Level from £50k to £200k. Finance and Performance Monitoring Reports now set out:
 - 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 requiring renewal over the next year that are between £50k and £200k for reference.
 - All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

2.19 Work is ongoing on the clearance of the Cash Receipting suspense accounts. As reported to this committee, the Council are working to have clear the backlog linked to the timetable set out in section 2.9 above. Present progress is set out in the table below. This progress will be updated verbally at the Committee meeting. Note, significant numbers of large items on values over £1,000 are treasury transactions which are undertaken manually.

| Row Labels | Number of Items under £1000 | Value | Number of Items over £1,000 | Value | Reconciled Items | Reconciled value | Total Items to Resolve | Total Value to Resolve |
|-------------|-----------------------------|-------------|-----------------------------|----------------|------------------|------------------|------------------------|------------------------|
| 20/21 items | 5,346 | -150,197.64 | 102 | -244,999.61 | 24,954 | 11,693,050.58 | 30,402 | 11,297,853.33 |
| 21/22 Items | 27,207 | 214,783.54 | 261 | 4,723,679.65 | 6,814 | -46,132,548.83 | 34,282 | -41,194,085.64 |
| 22/23 Items | 6,520 | -82,541.29 | 550 | 140,124,905.14 | 18,693 | -43,885,713.17 | 25,763 | 96,156,650.68 |
| 23/24 Items | 10,501 | 86,782.18 | 594 | -55,864,203.73 | 6,032 | 78,325,213.32 | 17,127 | 22,547,791.77 |
| Grand Total | 49,574 | 68,826.79 | 1,507 | 88,739,381.45 | 56,493 | 1.90 | 107,574 | 88,808,210.14 |

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Summary**

- 2.20 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The 20/21 Accounts have now been submitted for Audit and the report sets out the Plan for the delivery of other years accounts. This report is now updated for data as at the end of April and is delivered to each Audit, Governance and Standards Committee at Redditch to update 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.

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.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****8. BACKGROUND PAPERS**

Interim Auditors Annual Report on Redditch Borough Council 2021/22 & 2/22/23 – Audit Governance and Standards Committee November 2023, Council December 2023.

Section 24 Report to Audit and Council – November 2022.

Accounting Policies Report – March, June, July, September, November 2023 and January, March and May 2024 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

9. Appendices

Appendix A – The Council's Budget and Policy Framework Procedure Rules

Appendix B - Financial procedure rules

Appendix C – Finance Protocols

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Appendix A****BUDGET AND POLICY FRAMEWORK PROCEDURE RULES***(Subject to further review and update)***1. Definitions**

In these Rules -

"Executive" and "Executive Leader" have the same meaning as in Part II of the Local Government Act 2000; and "plan or strategy" and "working day" have the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001.

2. The framework for Executive Committee decisions

The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget or a policy framework is in place, it will be the responsibility of the Executive Committee to implement it.

3. Process for developing the framework

The process by which the budget and policy framework shall be developed is:

- (a) After consulting stakeholders in a manner appropriate to the matter under consideration, the Executive Committee will draw up initial proposals in relation to any plan, strategy or budget which forms part of the Council's budget and policy framework. Once drawn up the Proper Officer will serve copies of them on the Chair of the Overview and Scrutiny Committee together with dates when the Executive Committee will consider them further, which shall be at least 6 weeks after service of the notice on the Chair.
- (b) The Overview and Scrutiny Committee will be convened within 28 days to consider whether to respond to the Executive Committee's initial proposals and whether any consultation by it is appropriate. If so the Overview and Scrutiny Committee will conduct a consultation exercise and will reflect any representations made to it in its response to the Executive Committee within the timescale set for decision by the Executive Committee.
- (c) The Executive Committee will finalise its proposals for the Council to consider having taken into account the comments from the Overview and Scrutiny Committee.

The report to Council will show the Executive Committee's response to those comments.

- (d) Subject to the provisions of paragraph 7B (Local Authorities Standing Orders (Amendment) Regulations 2002), the Council will consider the proposals of the Executive Committee and may decide to adopt them, amend them, refer them back to the Executive Committee for further consideration, or substitute its own proposals in their place.

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- (e) A copy of the decision / Notice of Decision (which shall be made public in accordance with Article 4) shall be given to the Leader and the Proper Officer. The decision / Notice of Decision shall be dated and shall state whether the decision shall be effective immediately, whether the Council adopts the Executive Committee's proposal without amendment or if the Executive Committee's proposal is amended by the Council and adopted as amended or if the Council substitutes its own proposals and adopts them or if the Executive Committee's proposal is referred back to the Executive Committee for further consideration.
- (f) The Council's decision, whether or not in accordance with the recommendation of the Executive Committee, shall require a simple majority of those voting at the meeting.
- (g) Unless the Executive Committee's proposal is referred back to the Executive Committee for further consideration the decision shall be implemented immediately
- (h) In approving the policy and budgetary framework the Council will also specify the extent of virement within the budget and degree of in-year changes to the policy framework which may be undertaken by the Executive Committee in accordance with paragraphs 5 and 6 of these Rules if otherwise than as contained within the Council's Financial Procedure Rules (virement and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

4. Decisions outside the budget or policy framework

- (a) Subject to the provisions of paragraph 5 (virement) the Executive Committee, and any Officers, or joint arrangements discharging Executive Committee functions may only take decisions which are in line with the budget and policy framework. If any of these bodies or persons wishes to make a decision which is contrary to the policy framework, or contrary to or not wholly in accordance with the budget approved by full Council, then that decision may only be taken further to approval of the budget / policy variations by the Council.
- (b) If the Executive Committee, any Officers, or joint arrangements discharging Executive Committee functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Chief Finance Officer as to whether the decision they want to make would be contrary to the policy framework, or contrary to or not wholly in accordance with the budget. If the advice of either of those Officers is that the decision would not be in line with the existing budget and/or policy framework, then the decision must be referred by that body or person to the Council for decision.

5. Urgent Decisions outside of the Budget or Policy Framework

- (a) The Executive Committee, a sub-committee of the Executive Committee, or officers or joint arrangements discharging Executive functions may take a decision which is contrary to the Council's Policy Framework or contrary to or not wholly in accordance with the Budget approved by the full Council if the decision is a matter of urgency. However, the decision may only be taken:

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

- i) if it is not practical to convene a quorate meeting of the full Council
- ii) subject to consultation with the Leader of the Opposition; and
- iii) if the Chair of the Overview and Scrutiny Committee agrees that the decision is a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of the full Council and the Chair of the Overview and Scrutiny Committee's consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the Chair of the Overview and Scrutiny Committee, the consent of the Mayor, and in the absence of both the Deputy Mayor, will be sufficient.

- (b) Following the decision, the decision-taker will provide a full report to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

6. Virement

- (a) The Council shall have the budget heads set by the Council when approving its budget each year and will allocate an amount for expenditure under each heading.
- (b) Steps taken by the Executive Committee or Officers, or joint arrangements discharging Executive Committee functions to implement Council policy shall not exceed those budgets allocated to each budget head excluding staffing budget heads.

However, such bodies or individuals shall be entitled to vire across budget heads in accordance with the provisions of the Council's Financial Procedure Rules or other constraints agreed by Council. Beyond that, approval to any virement across budget heads shall require the approval of the full Council.

7. In-year changes to policy framework

The responsibility for agreeing the budget and policy framework lies with the Council whenever made, and decisions by the Executive Committee, Officers, or joint arrangements discharging Executive Committee functions must be in line with it. No changes to any policy and strategy which make up the policy framework may be made by those bodies or individuals.

8. Call-in of decisions outside the budget or policy framework

- (a) Where the Overview and Scrutiny Committee is of the opinion that an Executive Committee decision is, or if made would be, contrary to the policy framework, or contrary to or not wholly in accordance with the Council's budget, then it shall seek advice from the Monitoring Officer and/or Chief Finance Officer.
- (b) In respect of functions which are the responsibility of the Executive Committee, the Monitoring Officer's report and/or Chief Finance Officer's report shall be to the Executive Committee with a copy to every member of the Council.

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Regardless of whether the decision is delegated or not, the Executive Committee must meet to decide what action to take in respect of the Monitoring Officer's report and to prepare a report to Council in the event that the Monitoring Officer or the Chief Finance Officer conclude that the decision was a departure, and to the Overview and Scrutiny Committee if the Monitoring Officer or the Chief Finance Officer conclude that the decision was not a departure.

- (c) If the decision has yet to be made, or has been made but not yet implemented, and the advice from the Monitoring Officer and/or the Chief Finance Officer is that the decision is or would be contrary to the policy framework or contrary to or not wholly in accordance with the budget, the Overview and Scrutiny Committee may refer the matter to Council. In such cases, no further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet within 28 days of the request by the Overview and Scrutiny Committee. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Finance Officer. The Council may either:

- i) endorse a decision or proposal of the Executive Committee decision taker as falling within the existing budget and policy framework.

In this case no further action is required, save that the decision of the Council be minuted and circulated to all Councillors in the normal way;

OR

- ii) amend the Council's Financial Procedure Rules or policy concerned to encompass the decision or proposal of the body or individual responsible for that Executive Committee function and agree to the decision with immediate effect.

In this case, no further action is required save that the decision of the Council be minuted and circulated to all Councillors in the normal way;

OR

- iii) where the Council accepts that the decision or proposal is contrary to the policy framework or contrary to or not wholly in accordance with the budget and does not amend the existing framework to accommodate it, require the Executive Committee to reconsider the matter.

9. Dispute Resolution on Budgets and Plans

In respect of the preparation of the Budget or a plan, policy or strategy forming part of the Strategic Framework, the Executive is required to prepare draft proposals and submit them to Council for approval, and Council has the right to approve them, amend them, reject them or send them back to the Executive for revision and resubmission.

If the Executive submits its draft Budget to Council before 8th February in any year, it will have a right to ask the Council to reconsider if the Council proposes to depart from the Executive's proposals.

Once the Council has considered the proposals and decided what it wants to do, if it wishes to do anything other than simply to adopt the draft Budget as submitted by the Executive, it will have to

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notify the Executive of its proposed amendments and give the Executive 5 days to object. The Council will then have to meet again and consider any objections from the Executive but can then resolve on a simple majority to over-ride the Executive's objections. This does mean that the Council meeting to consider the Budget and to set the precept / set the rate of Council Tax will now have to be brought forward by at least 10 days from the deadline of 1 / 11 March to allow for the possible need to give the Executive 5 days in which to consider any amendments proposed by Council and to convene an additional Council meeting to consider any objections from the Executive.

In the case of plans, policies and strategies, there is no such annual deadline by which they must be approved, but again the Council will be required to notify the Executive of any proposed amendments to the Executive's proposals, allow them 5 days to decide whether to make any objection to those proposed amendments, and then consider any such objections before finally determining whether to adopt, amend, reject or remit the proposed plan, policy or strategy.

10. Local Authorities Standing Orders (Amendment) Regulations 2002

1. In this Part -

"Executive" and "Executive Leader" have the same meaning as in Part II of the Local Government Act 2000; and "plan or strategy" and "working day" have the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001.

2. Where the executive of the authority has submitted a draft plan or strategy to the authority for its consideration and, following consideration of that draft plan or strategy, the authority has any objections to it, the authority must take the action set out in paragraph 3.

3. Before the authority -

(a) amends the draft plan or strategy;

(b) approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft) of which any part is required to be so submitted; or

(c) adopts (with or without modification) the plan or strategy, it must inform the Executive Leader of any objections which it has to the draft plan or strategy and must give to him instructions requiring the executive to reconsider, in the light of those objections, the draft plan or strategy submitted to it.

4. Where the authority gives instructions in accordance with paragraph 3, it must specify a period of at least five working days beginning on the day after the date on which the Executive Leader receives the instructions on behalf of the Executive within which the Executive Leader may -

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- (a) submit a revision of the draft plan or strategy as amended by the executive (the "revised draft plan or strategy"), with the Executive's reasons for any amendments made to the draft plan or strategy, to the authority for the authority's consideration; or
 - (b) inform the authority of any disagreement that the Executive has with any of the authority's objections and the Executive's reasons for any such disagreement.
5. When the period specified by the authority, referred to in paragraph 4, has expired, the authority must, when -
 - (a) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;
 - (b) approving, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his approval, any plan or strategy (whether or not in the form of a draft or revised draft) of which any part is required to be so submitted; or
 - (c) adopting (with or without modification) the plan or strategy, take into account any amendments made to the draft plan or strategy that are included in any revised draft plan or strategy, the Executive's reasons for those amendments, any disagreement that the Executive has with any of the authority's objections and the Executive's reasons for that disagreement, which the Executive Leader submitted to the authority, or informed the authority of, within the period specified.
6. Subject to paragraph 10, where, before 8 February in any financial year, the authority's Executive submits to the authority for its consideration in relation to the following financial year –
 - (a) estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 32 to 37 or 43 to 49, of the Local Government Finance Act 1992;
 - (b) estimates of other amounts to be used for the purposes of such a calculation;
 - (c) estimates of such a calculation; or
 - (d) amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992, and following consideration of those estimates or amounts the authority has any objections to them, it must take the action set out in paragraph 7.
7. Before the authority makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in paragraph 6(a), or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992, it must inform the Executive Leader of any objections which it has to the Executive's estimates or amounts and must give to him instructions requiring the Executive to reconsider, in the light of those objections, those estimates and amounts in accordance with the authority's requirements.
8. Where the authority gives instructions in accordance with paragraph 7, it must specify a period of at least five working days beginning on the day after the date on which the Executive Leader receives the instructions on behalf of the Executive within which the Executive Leader may -

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- (a) submit a revision of the estimates or amounts as amended by the executive ("revised estimates or amounts"), which have been reconsidered in accordance with the authority's requirements, with the Executive's reasons for any amendments made to the estimates or amounts, to the authority for the authority's consideration; or
 - (b) inform the authority of any disagreement that the Executive has with any of the authority's objections and the Executive's reasons for any such disagreement.
9. When the period specified by the authority, referred to in paragraph 8, has expired, the authority must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph 6(a), or issuing a precept under Chapter IV of Part I of the Local Government Finance Act 1992, take into account -
- (a) any amendments to the estimates or amounts that are included in any revised estimates or amounts;
 - (b) the Executive's reasons for those amendments;
 - (c) any disagreement that the Executive has with any of the authority's objections; and
 - (d) the Executive's reasons for that disagreement, which the Executive Leader submitted to the authority, or informed the authority of, within the period specified.
10. Paragraphs 6 to 9 shall not apply in relation to -
- (a) calculations or substitute calculations which an authority is required to make in accordance with section 52I, 52J, 52T or 52U of the Local Government Finance Act 1992; and
 - (b) amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with section 52J or 52U of that Act.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Appendix B – Financial Procedure Rules****Section 1 - Financial Procedure Rules****CONTENTS**

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****PART A FINANCIAL REGULATION POLICY (1.0)****Background**

1.1 Section 151 of the Local Government Act 1972 requires that *“Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs”*.

1.2 The person with overall responsibility for Redditch Borough Council financial affairs under the act, the Chief Financial Officer (CFO) or Section 151 Officer is the Director of Finance and Resources. Redditch Borough Council uses the Chartered Institute of Public Finance (CIPFA) guidance in defining the role of their Director of Finance and Resources:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority’s financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

1.3 To deliver these responsibilities the Director of Finance and Resources:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

1.4 Under section 114(6) of the Local Government Finance Act 1988 the chief financial officer (the S151 officer) can nominate a member of staff to perform the duties of S151 officer should the chief financial officer be unable to act owing to absence or illness. The person filling the role of Financial Services Manager is nominated to perform the duties of S151 Officer in these circumstances and shall also be known as the Deputy S151 Officer.

1.6 The Financial Procedure Rules apply to every Member and Officer of the Council and anyone acting on its behalf.

Purpose

1.7 The purpose of the Financial Procedures Rules are:

- Promote best value and improve service delivery;

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- Set out procedures for employees and members to meet the Council's expected standards;
- Demonstrate that controls are in place.

Controls

- 1.8 The Financial Procedure Rules consist of this policy, the Financial Regulations and the financial guidance. All employees and Members are required at all times when engaged on Council activities to comply with these documents as applicable.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****PART B FINANCIAL REGULATIONS (2.0)**

- 2.1 All Members and Officers must comply with these Financial Procedure Rules all times as applicable.
- 2.2 All Members and Officers must at all times when engaged on Council activities act in the interest of the Council.
- 2.3 All activities must comply with legislation, approved service plans and other Council policies or procedure documents.
- 2.4 All activities must seek to achieve value for money.
- 2.5 Managers must ensure that there are controls in place for every system under their management.
- 2.6 Adequate records must be kept for all transactions in all systems.
- 2.7 Members and Officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provide value for money and achieves best value.
- 2.8 The Chief Executive, Directors, Auditors and other Officers designated by them should have unrestricted access to all assets and records held on behalf of the Council.
- 2.9 Members, Officers and others acting on behalf of the Council are required to have proper regard to the advice and guidance issued by the Director of Finance and Resources on the Financial Procedure Rules.
- 2.10 Every report to Members requires approval by the Director of Finance and Resources, or a nominee designated by the Director of Finance and Resources, setting out the financial implications of the recommendation(s) proposed.
- 2.11 The Council's expectation of propriety and accountability is that Members and staff at all levels shall lead by example in ensuring adherence to financial and legal requirements, rules, procedures and practices.

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- 2.12 Members and staff at all levels shall act in accordance with the Council's anti-fraud and anti-corruption policies.
- 2.13 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) that it comes into contact with, shall act towards the Council with integrity and without thought or actions involving fraud or corruption
- 2.14 The Council's Scheme of Delegation is the formal record of delegation of financial decision making.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****PART C FINANCIAL GUIDANCE****3.0 Urgent decisions**

- 3.1 In accordance with the Council's Scheme of Delegation to Officers the Chief Executive and in his absence the Directors, are empowered to take all necessary decisions in cases of emergency.
- 3.2 Any decisions made under the 'urgent decision' arrangements shall be reported to Council.
- 3.3 Nothing in these finance procedure rules shall prevent expenditure required to meet immediate needs caused by a sudden emergency to which the Civil Contingencies Act 2004 applies, provided that such expenditure shall be reported as soon as possible to the appropriate Executive member and the Executive.

4.0 Income charging policy

- 4.1 Local authorities have a wide discretion to levy charges for services. Where charges can be set at the discretion of the Council, Directors should comply with the income and charging principles, including:
- a) The Council should aim to charge for all services where it is appropriate to do so unless there are conflicting policies or legal reasons not to do so.
 - b) The Council should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons.
 - c) Decisions to subsidise services, or to not make a charge for a service should be clearly linked to Council objectives, and the potential income that is not earned must be a consideration in the decision.
 - d) Where the Council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood by the Service unit.
 - e) Charges must be linked to both service and strategic objectives and must be clearly understood.
 - f) The direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood.
 - g) Any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all Council services.
 - h) Where appropriate annual inflationary uplifts will be applied through the budget setting process, this will be agreed by Members as part of the budget setting process.

5.0 Income collection

- 5.1 The Director of Finance and Resources shall agree arrangements for the collection of all income and approve procedures and systems. In order to achieve this, the following controls must be followed:
- a) All income due to the Council is identified, charged correctly and billed promptly.
 - b) All money received by an employee on behalf of the Council is paid without delay to the Director of Finance and Resources or to a nominated Officer or into the Council's specified bank account and is properly recorded.
 - c) All receipts given for money should be on an official receipt form.

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- d) All income is collected from the correct person, at the right time using the correct procedures and appropriate stationery and effective recovery action to pursue outstanding sums is taken within defined timescales.
- e) A formal approval process for write-offs of uncollectable debts should be followed using the criteria detailed below.
- f) Personal cheques shall not be cashed out of money held on behalf of the Council.
- g) All income received shall be receipted immediately.
- h) Officers shall record all cash received immediately; its use for either personal or official purposes is strictly forbidden.
- i) All paying in records shall be retained securely in line with the Council's policies on the retention of documents.

5.2 The Director of Finance and Resources has determined the following authorisations for writing off uncollectable debt:

| Value | Recommendation | Examined/ Approved | Authorised |
|------------------|--|--|--|
| Credit balances | Income Officer Rent & Welfare Officer Locality Officer Housing Database Officer Revenue Officer Benefits Overpayments Officer | Appropriate Service Supervisors/ Team Leaders | Appropriate Service Managers |
| Debts up to £100 | Income Officer Rent & Welfare Officer Locality Officer Revenue Officer Benefits Overpayments Officer | N/A | Appropriate Service Supervisors/ Team Leaders. |
| £101 - £2,000 | Income Officer Rent & Welfare Officer Locality Officer Revenue Officer | N/A | Appropriate Service Managers |

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| Value | Recommendation | Examined/ Approved | Authorised |
|---|---|-------------------------------|---|
| | Benefits Overpayments Officers | | |
| Debts over £2,000 | Income Officer Rent & Welfare Officer Locality Officer Revenue Officer Benefits Overpayments Officers | Service Managers | Executive Director (Finance and Corporate Resources) - Section 151 Officer Financial Services Manager (Deputy Section 151 Officer). Head of Customer Access and Financial Support Head of Housing Services (HRA debt only) |
| Debts remitted by Magistrates or where a term of imprisonment has been served | Income Officer Rent & Welfare Officer Locality Officer Revenue Officer Benefits Overpayments Officer | N/A | Appropriate Service Managers |
| Insolvency proceedings Administration Order (where claim has been formally acknowledged) | Income Officer Rent & Welfare Officer Locality Officer Revenue Officer Benefits Overpayments Officer | N/A | Appropriate Service Managers |

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| Value | Recommendation | Examined/ Approved | Authorised |
|--|--|-------------------------------|--|
| Debtor is deceased no prospect of dividend from estate | Income Officer Rent & Welfare Officer Locality Officer Revenue Officer Benefits Overpayments Officer | N/A | Appropriate Service Managers |
| Debt matching agreements | Appropriate Service Managers | | Director of Finance and Corporate Resources |
| Cases of hardship or discretionary write offs | Appropriate Service Managers | | Director of Finance and Corporate Resources in conjunction with the Portfolio Holder for Finance and Enabling. |

6.0 Orders for goods, works and services

- 6.1 Orders shall not be issued for goods, work or services unless the cost is covered by an approved budget. No payment will be made without an authorised order, unless otherwise agreed by the Director of Finance and Resources or Financial Services Manager.
- 6.2 All orders given on behalf of the Council shall be approved in electronic or written form in accordance with signatory limits. All orders are to be authorised by Officers nominated by the appropriate Head of Service who shall be responsible for official orders issued from his or her Service.
- 6.3 The key controls for ordering and paying for work, goods and services are:
- a) All works, goods and services are ordered only by appropriate persons and recorded. An order number **MUST** be in place for all goods and services, or the supplier will not be paid. Any changes to this must be approved by the Director of Finance or the Financial Services Manager.

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- b) All works, goods and services shall be ordered in accordance with the Contracts Procedure Rules unless they are transferred from other parts of the Council. A full schedule of payment terms must be agreed with the supplier.
- c) Works, goods and services received are checked to ensure they are in accordance with the order.
- d) Payments are authorised by Officers who can certify that goods have been received to price, quantity and quality.
- e) All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- f) All appropriate payment documents are retained and stored for the defined period in accordance with the Redditch Borough Council Records Management Policy'.
- g) All expenditure is accurately recorded against the right budget and any exceptions corrected.
- h) That processes are in place to maintain the security and integrity of data for transacting business electronically.

7.0 Payments

- 7.1 Individual Officers shall ensure that payments are authorised by appropriate Officers who can certify that goods and services have been received and that price, quantity and quality are in accordance with the initial order.
- 7.2 Heads of Service shall maintain for their area a list of Authorised Officers showing their signing levels with specimen signatures, this is to be held on the Council intranet. This list should be reviewed at intervals to ensure it is up to date and accurate and any changes being reported promptly.
- 7.3 Where an electronic file contains multiple payments, an Officer may authorise the whole file with one signature if his or her authorised limit is at least the value of the highest individual amount within that file.
- 7.4 References to certification and authorisation are deemed to include those made online within a system where the identity of the user is verified using the system's identification protocols.

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- 7.5 Once certified, all accounts paid through the centralised payment system must be passed to the Payments Section that shall ensure that the required payment is made to the correct person by the agreed method of payment and that all expenditure including VAT is accurately recorded against the correct budget.
- 7.6 Requests for payment shall be rejected by the Senior Payments Officer unless certified by an Officer who has the appropriate level of authority.
- 7.7 The use of feeder systems to generate payments will only be allowed if the Director of Finance and Resources is satisfied that the data integrity of the corporate financial system would not be compromised, and that the feeder system works in accordance with these financial procedures.
- 7.8 Invoices do not need specific authorisation for payment in an electronic system where the invoice matches the authorised order and goods receipt, and all three are correctly entered into the system.
- 7.9 In accordance with the Public Contract Regulations 2015, Regulation 113 and the Late Payment of Commercial Debts Regulations 2013, and to maximise performance under the contract; the Council has to consider and verify all invoices in a timely fashion and pay all undisputed invoices within 30 days of the date on which the relevant invoice is regarded as valid and undisputed. All Council contracts shall contain provisions to this effect. All accounts received must be date stamped with the day of receipt. In the event of a claim for damages/interest for late payment, the amount will be charged to the budget of the Directorate responsible.
- 7.10 Regulation 113 of the Public Contracts Regulations 2015 also requires the Council to include provisions in all contracts requiring the contractor to consider and verify all invoices from subcontractors in a timely fashion and pay undisputed invoices within 30 days of the date on which the relevant invoice is regarded as valid and undisputed. Council contracts shall require contractors to include provisions to this effect in their contracts with subcontractors, and also to require the subcontractors to cascade these provisions down the supply chain.
- 7.11 The Director of Finance and Resources shall ensure that all appropriate payment documentation is retained for the required period of time in accordance with the Redditch Borough Council Records Management Policy.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****8.0 Salaries, wages, pensions, travel and subsistence**

- 8.1 Heads of Service shall maintain for their area a list of Authorised Officers showing their signing levels with specimen signatures, this is to be held on the Council intranet. This list should be reviewed at intervals to ensure is up to date and accurate and any changes being reported promptly.
- 8.2 All claims for payment of allowances, subsistence, travelling and expenses must be submitted within two months of the period they relate to on the approved form, duly certified in a form approved by the Director of Finance and Resources with all required supporting evidence including receipts for expenses where appropriate. Any exceptions shall require individual certification by both the Director and the Head of Service.
- 8.3 The certification of claims by or on behalf of a Director or Head of Service shall be taken to mean that the Certifying Officer is satisfied that the journeys and the expenses incurred were necessary and authorised as being in line with the council's policies on travel and subsistence claims.
- 8.4 The Senior Payroll Officer shall ensure that all appropriate payroll documents are retained for the required period of time in accordance with the Council Records Management Policy.

9.0 Imprest accounts

- 9.1 The Financial Services Manager will authorise provision of a cash or bank imprest account to meet minor expenditure on behalf of the Council.
- 9.2 The Financial Services Manager will maintain a record of all advances made and reconcile to the Council's main financial system.

In summary Officers operating an imprest account will comply with the following procedures:

- a) Obtain and retain vouchers to support each payment from the imprest account including official VAT receipts where appropriate.

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- b) Make adequate arrangements in their office for the safe custody of the account including vouchers and any other supporting documentation.
- c) Produce upon demand by the Financial Services Manager cash and all vouchers to the total value of the imprest account.
- d) Record transactions promptly.
- e) Reconcile and balance the account at least monthly with reconciliation sheets to be signed and retained by the imprest holder.
- f) Provide the Financial Services Manager with a certificate of the value of the account held at 31st March each year.
- g) Ensure that the imprest is never used to cash personal cheques or to make personal loans.
- h) Ensure that the only payments into the account are the reimbursement payments and any notes/coinage relating to purchases made by a cash advance from the imprest account.
- i) Ensure income due to the Council is collected and banked as provided in accordance with the Council's Financial Procedure Rules and not through an imprest account.
- j) On leaving the Council's employment, ceasing to be entitled to hold an imprest advance or no longer requiring an imprest advance, Officers must request that the Financial Services Manager close the account. All funds and account documentation should be returned to the Financial Services Manager.
- k) A bank imprest account cannot become overdrawn.
- l) Submit a claim for reimbursement at least monthly or return a nil claim.

10.0 Banking arrangements and Government Procurement cards

- 10.1 All arrangements with the Council's bank concerning the Council's bank accounts and for the ordering and issue of cheques shall be made by, or under arrangements approved by, the Director of Finance and Resources. The Director of Finance and Resources shall be authorised to open and operate such banking accounts, as he or she may consider necessary. This authority shall include the power to give the necessary directions to the bank as to signatures for withdrawals.
- 10.2 Apart from payments from Government Procurement cards, petty cash, imprest accounts, the normal method of payment due from the Council shall be by BACS or cheque. Direct debit and periodical payment arrangements shall require the prior agreement and authorisation of the Director of Finance and Resources.

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- 10.3 All cheques and cheque stationery shall be ordered only on the authority of the Director of Finance and Resources who shall be satisfied that proper arrangements are in place for their safe custody. Where the signature is printed on the cheque by a Council system, the signature shall be that of the Director of Finance and Resources.
- 10.4 The Director of Finance and Resources shall be responsible for authorising the issue of Government Procurement cards and determining spending limits. Cardholders are required to comply with the policy issued by the Director of Finance and Resources regulating the use of corporate credit cards as shown in Appendix B. Purchases must be made in accordance with the Contract Procedure rules. This policy will include the requirement for cardholders to provide the Senior Payments Officer with a receipt and complete the online system with details of all items purchased including the general ledger code this is due by 17th of each month.

11.0 Preventing financial irregularities

- 11.1 All Officers are required under their contractual obligation to report financial irregularities at the earliest opportunity to their Manager or Director of Finance and Resources. The Director of Finance and Resources will report financial irregularities to the Chief Executive, Executive and the Audit, Governance and Standards Committee. Providers of services are required to highlight financial irregularities immediately as stipulated under the Contract Procedure Rules.
- 11.2 The Director of Finance and Resources, in conjunction with audit, will determine the scope of any internal enquiries or investigations, subject to consultation with the relevant member of the Management Team.
- 11.3 The Director of Finance and Resources, in consultation with the relevant member of the Management Team, will decide whether any matter under investigation should be referred for Police investigation and take recovery action as appropriate on such matters.
- 11.4 The Director of Finance and Resources will inform the Chief Executive and Monitoring Officer if a suspected irregularity occurs involving staff who are his or her responsibility.
- 11.5 All staff and members must report financial irregularities to the Director of Finance and Resources.
- 11.6 The Director of Finance and Resources will advise the relevant Director if the outcome of an audit investigation indicates improper behaviour by a member of staff; or the Monitoring Officer if the outcome of an audit investigation indicates improper behaviour by an Elected Member. The Director or Monitoring Officer will then instigate the relevant disciplinary/standards procedure.

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- 12.1 The Director of Finance and Resources is appointed as the Money Laundering Reporting Officer (MLRO). This Officer shall ensure that all staff likely to receive payments from the public, businesses or professions are aware of the authority's responsibilities under the Proceeds of Crime Act 2002, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) 2017 and any other relevant acts and regulations, such as the Terrorism Act 2000 and Anti-terrorism, Crime and Security Act 2001 and any updates of them.
- 12.2 The MLRO shall receive reports from staff about suspicious payments of any value for any purpose and payments in cash in excess of £10,000 including in aggregate.
- 12.3 The MLRO shall report any instance of suspected money laundering to the serious organised crime agency.

13.0 Asset management**Introduction**

- 13.1 The asset management section of the Council's Financial Procedure Rules provides a framework of principles, minimum requirements, levels of authority and delegations to ensure that the Council's asset portfolio is managed effectively to achieve maximum value for money.

Overarching principles

- 13.2 A set of overarching principles govern the operation of this section of the Council's Financial Procedure Rules.
- 13.3 These are:

Property

- a) All property owned or leased by Redditch Borough Council is held corporately.
- b) All property held by the Council must be held for specific statutory purposes and the Council's records must identify the purposes for which land is held. These purposes include:
 - housing purposes;
 - planning purposes; and
 - general purposes.
- c) The Director of Finance and Resources, in conjunction with the applicable Service Director, is responsible for ensuring that the occupation of all Redditch Borough Council property by Directorates or other tenants is in the interests of the Council as a whole.
- d) The Director of Finance and Resources has the authority to intervene in property matters to protect Redditch Borough Council's overall interests.
- e) Resolution of disputes on property matters is overseen by the Chief Executive.
- f) All property transactions [including proposed appropriations] should be referred to the Director of Finance and Resources who shall seek the comments of all interested parties,

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including relevant Executive members, Directorates and local members, before the decision is taken to proceed. All decisions must be taken in accordance with the delegations set out in this section of the Council's Financial Procedure Rules, the functions scheme, and the decision-making procedures set out in the Council's Constitution.

- g) Mandatory training on health and safety legislation applying to property occupation must be provided to employees occupying property as part of their work for the Council.

General

- g) Capital investment on assets must be linked to priorities identified through the corporate planning process using a clear and objective prioritisation policy.
- h) Capital investment must be directed to obtain maximum benefit from available resources, taking account of economy, efficiency and effectiveness.
- i) Revenue implications of capital investment must be considered, including the revenue costs of any borrowing required, and spend to save funding may be available to pump prime investment that can demonstrate a clear financial pay back.

Acquisitions and improvements to assets

- 13.4 Before an asset is acquired or improved the need for investment must be clearly identified and appraised.
- 13.5 Prior to allocation of resources a business case must be prepared and approved by the relevant Director.
- 13.6 The Director of Finance and Resources will present the business case to the Management Team. Where the acquisition proposed is part of the annual budget setting process the Management Team will make recommendations to Executive for inclusion in the Medium-Term Financial Strategy. Where the proposal is outside of the budget setting process the approval will follow the Council's virement procedures provided that the capital budget approved by Council is not exceeded.
- 13.7 The use of compulsory purchase powers must be approved by Executive.

Property

- 13.8 Property is to be used efficiently, effectively and economically with due regard to legislative requirements.
- 13.9 The Director of Finance and Resources must approve all material changes to properties occupied and used by a Directorate, including change of use, appropriations, granting/taking of interests, alterations or additions. Such changes must then be reported to the Financial Services Manager for correct accounting treatment and apportionment of charges.
- 13.10 The Director of Finance and Resources has the authority to undertake reviews of the property portfolio, or parts of it, to determine if it is optimised in terms of its utilisation, cost and value and within this to challenge the retention or use of existing properties occupied by Directorates or other tenants.

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- 13.11 Land, property and any other assets which are surplus to operational need are either to be reallocated to meet alternative needs or disposed of in line with statutory requirements and/or Redditch Borough Council policies.
- 13.12 Directorates shall notify the Director of Finance and Resources of:
- a) Any property (or part) that is:
 - Vacant.
 - Held against a future operational need.
 - Not used for the principal purpose for which it is held.
 - Likely to be surplus to requirements (with estimated timescale).
 - b) Any statutory/process issues relevant to its disposal (e.g. prescribed consultation processes, reference to the Secretary of State, etc.).
 - c) Any other issues which need to be considered prior to disposal.
- 13.13 The Executive must be informed of any surplus property to enable it to declare as surplus, and further agree to the marketing of any surplus assets.

Treatment of capital receipts

- 13.14 All capital receipts from disposals are deemed to be a corporate capital resource available for allocation in line with corporate priorities.

Financial Procedure Rules

- 13.15 All of the protocols set out in the Council's Financial Procedure Rules and the Financial Guidance (Part 3), and Chief Executive Schemes of Delegation must be adhered to. No transaction should be approved unless specific budgetary provision is identified, except where the purchase is approved under the authority given in Paragraph 3.0 for urgent decisions.

14.0 Audit

- 14.1 The Director of Finance and Resources has responsibility for maintaining an adequate and effective internal audit service. This service has been delegated to the Worcestershire Internal Audit Shared Services (WIASS).
- 14.2 The Director of Finance and Resources shall maintain strategic and annual audit plans that take account of the relative risks of the activities involved. He/she shall liaise with the Management Team on the audit strategy and plan.
- 14.3 WIASS is responsible for providing the Audit, Standards and Governance Committee with regular assurance reports that highlight any areas of concern regarding the effectiveness or level of compliance with agreed systems of internal control.

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- 14.4 WIASS shall submit an annual report to the Audit, Governance and Standards and Standards Committee detailing internal audit activity for the previous year and reporting significant findings and areas of concern.
- 14.5 WIASS shall provide a regular summary to the Leader, Chair of Audit, Governance and Standards Committee and relevant Executive Member(s) of audit review reports following sharing of the detailed reports with Directors beforehand.
- 14.5 The Director of Finance and Resources is responsible for producing an Annual Governance Statement for inclusion with the annual Statement of Accounts based on assurances provided by WIASS and also on risks and areas for improvement identified by Management Team.
- 14.7 Officers shall ensure that internal and external auditors are provided with:
- a) Access at reasonable times to premises or land used by the Council.
 - b) Access at reasonable times to any employee or employees.
 - c) Access to all assets, records, documents, correspondence and control systems relating to any matter or business of the Council.
 - d) Any information and explanation considered necessary concerning any matter under examination.
- 14.8 Officers must account for cash, stores or any other Council property under their control and produce such items for inspection if required by WIASS.
- 14.9 Officers are required to consider and respond to audit reports and audit recommendations within two weeks.
- 14.10 Officers must ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
- 14.11 Where an appropriate response to audit recommendations has not been made within the agreed period, the Director of Finance and Resources shall refer the matter to the Chief Executive and/or the Audit, Governance and Standards Committee.
- 14.12 Officers are responsible for notifying the Director of Finance and Resources or WIASS immediately in writing/electronic medium of any suspected or alleged fraud, theft, irregularity, improper use or misappropriation of Council property or resources including any breach of these Financial Procedure Rules or the Contract Procedure Rules. Pending investigation, all necessary steps should be taken to prevent further loss and secure records and documents against removal, destruction or alterations.
- 14.13 The Director of Finance and Resources is to investigate promptly all apparent, suspected or reported irregularity or fraud he/she becomes aware of. He/she shall report his/her findings to the Chief Executive to discuss and agree appropriate legal proceedings and/or disciplinary action, consulting with the relevant member(s) of the Management Team as appropriate.

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- 14.14 Officers are responsible for ensuring that new systems for maintaining financial records, or records of assets, or changes to such systems are discussed and agreed with the Director of Finance and Resources prior to implementation.
- 14.15 Officers are responsible for ensuring that all paperwork and systems are up to date, kept securely and are made available for inspection by audit.
- 14.16 Officers shall ensure that all fundamental systems and other financial systems are reconciled on a regular basis and that records are up to date and available for audit inspection when required.

15.0 Revenue budget management

- 15.1 The Financial Services Manager shall prepare and review annually a long-term financial plan and strategy to provide an estimate of resources available to the Council and identify budget pressures.
- 15.2 Proposed budgets over periods of one year or longer shall be prepared by Directors, in consultation with the Director of Finance and Resources, for consideration by the Executive, having regard to the views of the Overview and Scrutiny Committees, before submission to Council.
- 15.3 The Executive shall recommend an annual budget to Council that includes the following:
- a) Annual capital and revenue budget.
 - b) Proposed contingencies, general reserves and specific reserves.
 - c) Council Tax requirement.
 - d) Treasury Management Policy and borrowing limits.
 - e) The Director of Finance and Resources statutory declaration on budget setting.
- 15.4 Budget management ensures that resources allocated by Members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account Managers responsible for defined elements of the budget.
- 15.5 The structure and format of the revenue budget should be sufficient to permit effective financial management.
- 15.6 The overall budget setting process for both revenue and capital is controlled by the Director of Finance and Resources.
- 15.7 Budgets will be distributed to budget holders for consultation. Budget holders will work with Finance staff to prepare detailed income and expenditure estimates for the forthcoming year taking into account known service level changes, contractual commitments and financial constraints.

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15.8 Budget holders should provide information on any legislative changes, statutory duties, demographic changes, which impact upon service trends and activity levels to inform the financial planning and budget setting process.

16.0 Capital budget management

16.1 The Executive shall, following the submission of proposals by the Management Team, recommend to Council:

- a) A capital programme for each financial year.
- b) A future indication of a capital programme over a four-year period.
- c) The recommended funding method for each capital project (including the use of prudential borrowing, capital receipts, revenue or other financing methods).

16.2 Following the approval of a capital programme, and subject to any conditions specified in that programme, or specified by the relevant Executive member, the relevant Director shall take all appropriate action to carry into effect the approved schemes, within the budget and timescale agreed in the capital programme. Any material variation in cost or timescale shall be reported to the Executive.

16.3 Executive Members will monitor capital expenditure once budgets are approved by Council.

16.4 If a project has not started within the specified timeframe, being two years behind the intended start date it will require resubmitting before proceeding.

16.5 Any report for a project or policy of a capital nature shall include details of:

- a) The estimated cost of the proposal.
- b) Any phasing of the capital expenditure.
- c) The proposed method of financing, whether by loan, revenue or otherwise.
- d) The effect on the revenue estimates in the first and subsequent years.
- e) The additional staff and grades required both initially and ultimately.
- f) An assessment and measurement of the need for the scheme and the benefits it will produce.
- g) A technical and financial appraisal of the alternative approaches to meeting the need.

(larger projects only)

17.0 Budgetary Control

17.1 Each Director shall be responsible for monitoring the revenue and any capital budget relevant to his/her Directorate to ensure that such budgets are properly spent and not exceeded.

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- 17.2 Any new proposal or variation which would materially affect the finances of the Council shall require approval by the Executive. Any budget virements must comply with the Council's scheme of budget virement**
- 17.3 The Council operates within an overall annual cash limit. As a result, all individual budgets are cash limited. Each budget holder is required to operate within the cash limit.**
- 17.4 Directors shall monitor spend and income against budgets monthly and ensure, as far as practicable, that expenditure in excess of their net approved budgets is not incurred without prior approval. If actual income is expected to be below budget, this must also be actively managed.
- 17.5 If it appears to a Director that his/her overall cash limited budget may be exceeded, he/she shall report the details as soon as practicable and identify mitigating action. The overall position is then reported to the Executive.
- 17.6 Action plans must be put in place by each Directorate at an early stage in the financial year in order to manage potential overspendings (e.g. due to additional spending or below target income). Directors must ensure Officers adhere to the savings targets and take mitigating action if delivery is deemed to be at risk.
- 17.7 It is the duty of Directors to ensure that responsibility for budgetary control is clearly allocated to appropriate Officers in their Directorates. Directors shall nominate a Budget Manager for each cost centre. As a general principle budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.
- 17.8 Budget Managers are accountable for their budgets and the level of service to be delivered and must understand their financial responsibilities. Budget Managers should be responsible only for income and expenditure that they can influence.
- 17.9 Budget Managers are required to;
- a) Follow an approved process for all expenditure.
 - b) Ensure that income and expenditure are properly recorded and accounted for.
 - c) Ensure that expenditure is committed only against an appropriate budget head.
 - d) Monitor performance levels/levels of service in conjunction with the budget and necessary action is taken to align service outputs and budget.
 - e) Monitor and control the gross expenditure budget position.
 - f) Investigate and report significant variances from approved budgets.
- 17.10 The Director of Finance and Resources shall establish an appropriate framework of budgetary control, monitored and reported through the financial system.
- 17.11 The Director of Finance and Resources shall provide Directors, budget holders and Executive members with monthly financial management information reports in line with the Forward Plan.

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17.12 The Director of Finance and Resources shall ensure that each Director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.

17.13 The head of management accounts and corporate finance shall provide financial management training courses that all budget managers must attend.

18.0 Virement

18.1 The Council operates a scheme of budget virement. This enables budget holders to manage budgets with a degree of flexibility within the overall policy framework determined by the Council.

18.2 Head of Service have authority to vire expenditure between individual budget heads in accordance with the virement policy.

18.3 Key controls for the virement policy are:

a) Any variation from this policy requires the approval of Council.

b) That the overall budget is developed by Executive and approved by Council. Directors and budget holders are authorised to incur expenditure in accordance with the estimates contained within the annual budget. The rules below cover virement; that is switching resources between budget heads. For the purposes of these rules a budget head is considered to be the standard service sub-division as defined by CIPFA. The scheme applies equally to a reduction in income as to an increase in expenditure.

18.4 All virements must be entered onto the finance system for approval by an authorised Officer. There will be no virements below £5,000 unless authorised by the Director of Finance and Resources or Financial Services Manager.

18.5 All virements below £20,000 and within a single Executive Member Portfolio and a single Directorate budget must be approved by the Head of Service and the Financial Services Manager. Capital and corporate budgets up to £20,000 will require the approval of the Financial Services Manager. All virements above £20,000 and up to £40,000 must be approved by the Director of Finance and Resources following consultation with the relevant Director and Portfolio Executive Member. All virements of above £40,000 shall be reported in the budget monitoring report provided to Executive.

18.6 There will be no virements from salary budget to other types of expenditure without approval from Executive.

19.0 Insurance and risk management

19.1 All organisations, whether they are in the private or public sector, face risks to people, property and continued operations. Risk is defined as the chance or possibility of loss, damage or injury caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk.

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- 19.3 Insurance has been the traditional means of protecting against loss, but this cannot be seen as the complete answer. By reducing or even preventing the incidence of losses (whether they result from crime or accident), the Council shall benefit from reduced costs of providing insurance cover and shall also avoid the disruption and wasted time caused by losses and insurance claims.
- 19.3 Through half yearly performance monitoring Audit, Governance and Standards Committee should be kept informed of items listed on the corporate risk registers
- 19.4 The key controls for risk management and insurance are:
- a) Robust systems are in place to identify, assess, prevent or contain significant operational risks on an integrated basis and these systems are promoted throughout the organisation.
 - b) Acceptable levels of retained risk are identified and evaluated and arrangements are in place for their funding, either by internal provision or external insurance as appropriate.
 - c) Managers know that they are responsible for managing relevant risks and are provided with appropriate and timely information on claims experience and risk management initiatives relating to their areas of responsibility.
 - d) Procedures are in place to investigate and process claims within required timescales.
 - e) A monitoring process is in place to regularly review the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
- 19.5 The Director of Finance and Resources shall effect all insurance cover and negotiate all claims in consultation with the relevant Officer where appropriate.
- 19.6 Heads of Service shall give prompt notification to the Director of Finance and Resources of all new risks, properties, vehicles and other assets that are required to be insured or any alterations affecting existing insurances.
- 19.7 Heads of Service shall promptly notify the Director of Finance and Resources in writing of any actual or potential loss, liability or damage or any event likely to lead to an insurance claim by or against the Council.

20.0 Loans, leasing and investments

- 20.1 The Director of Finance and Resources shall report to Executive, on an annual basis, with recommendations to Council to determine the limits for the borrowing of monies.
- 20.2 The Director of Finance and Resources shall borrow as necessary to finance the approved capital programme and deal with all matters in connection with the raising or repayment of loans and is authorised to borrow for meeting expenses pending the receipt of revenues.
- 20.3 All investments and all borrowing shall be made in the name of the Council.

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- 20.4 Directors/Heads of Service shall not enter into financial leasing arrangements except with the consent of the Director of Finance and Resources. Before entering into any lease agreement Directors shall submit details to the Financial Services Manager to enable a financial appraisal to be undertaken, including alternative financing options and implications for accounting treatment.
- 20.5 Loans to third parties will only be made in exceptional circumstances and having followed the Council's decision-making process.
- 20.6 The Director of Finance and Resources shall arrange the borrowing and investment activities of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's Treasury Management Policy Statement.
- 20.7 The Director of Finance and Resources shall prepare an annual strategy with regard to investments, borrowing and the repayment of external debt. These are set out in the Treasury Management Strategy approved by full Council before the start of the new financial year.
- 20.8 The Treasury Management Strategy will include the following:
- Prospects for the economy and for interest rates;
 - Borrowing requirement and strategy;
 - Investment policy and strategy;
 - MRP statement;
 - Prudential indicators for the next three years providing assurance that the Council's capital plans are affordable, prudent and sustainable; and
 - The Treasury Management Policy Statement.
- 20.9 In addition, Executive will receive an annual treasury management report after the end of the financial year and will recommend to full Council for approval.
- 20.10 Executive will also receive treasury management reports as part of the budget monitoring updates.

21.0 Trust funds

21.1 The Director of Finance and Resources shall:

- a) Arrange for all trust funds to be held wherever possible in the name of the authority. All Officers acting as trustees by virtue of their official position, as declared in register of interest, shall deposit securities, etc. relating to the trust with the Director of Finance and Resources unless the deed otherwise provides.
- b) Arrange where funds are held on behalf of third parties for their secure administration approved by the Director of Finance and Resources and to maintain written records of all transactions.
- c) Ensure that trust funds are operated within any relevant legislation and the specific requirement for each trust.

22.0 Inventories and stocks and stores

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22.1 The Director of Finance and Resources shall:

- a) Advise on the form, layout and content of inventory records to be maintained by the Council.
- b) Advise on the arrangements for the care and custody of stocks and stores in Directorates.

22.2 Heads of Service shall:

- a) Maintain inventories in a form approved by the Director of Finance and Resources to adequately record and describe all furniture, fittings and equipment, plant and machinery under their control.
- b) Carry out an annual check of all items on the inventory in order to verify location, review condition, ensure insurance cover is adequately provided and to take action in relation to surpluses or deficiencies.
- c) Ensure attractive and portable items, such as computers, cameras and mobile technology devices are identified with security markings as belonging to the Council and appropriately controlled and secured.
- d) Make sure that property is only used in the course of the Council's business unless the Director concerned has given permission otherwise.
- e) Make arrangements for the care, custody and recording of stocks and stores in Directorates.
- f) Ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- g) Ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- h) Write-off discrepancies of up to £5,000 and seek advice from audit on discrepancies above this limit.
- i) Record the reasons for the chosen method of disposing of redundant stocks and equipment if not by competitive quotation or auction.

22.3 Directors have discretion to write off redundant equipment up to the value of £5,000 but must seek Executive member approval for write-offs in excess of £5,000. Directors shall seek independent quotations where it is not immediately obvious what the market value of the redundant item is.

23.0 Working for third parties

23.1 Current legislation enables the Council to provide a range of services to certain other bodies. Such work may enable the Directorate to maintain economies of scale and existing expertise. Arrangements must be in place to ensure that any risk associated with this work is minimised.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

- 23.2 All proposals for the Council to undertake work for a third party shall be properly costed in accordance with guidance provided by the Director of Finance and Resources. Financial advice should be obtained from the Financial Services Manager on the cost of providing the service.
- 23.3 All decisions for the Council to undertake work for a third party shall be made in accordance with the Council's formal decision-making processes and as set out in the Council's functions scheme and before any negotiations to work for third parties are concluded.
- 23.4 Officers must obtain legal advice on the implications of providing the proposed service to the third party. All contracts for providing work for a third party shall be drawn up using guidance provided by the Council's Legal Services team.
- 23.5 Officers shall ensure that:
- a) All contracts are properly documented and a register of all contracts to supply works, goods and/or services to third parties is maintained by each Directorate.
 - b) Appropriate identity checks on the third party are carried out in accordance with the Council's Anti-Money Laundering Policy and Guidance.
 - c) Appropriate insurance arrangements are in place for the third-party work.
 - d) The Council is not put at any risk of bad debts as a result of any third-party work.
 - e) Wherever possible, payment is received in advance of the delivery of the service under a third-party contract.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Appendix A****Responsibilities under the Financial Procedure Rules**

This Appendix provides details of responsibilities under the Financial Procedure Rules. It lists in a single place responsibilities that would otherwise be repeated in various sections of the Financial Procedure Rules. It confirms the overall responsibilities of the Council's Director of Finance and Resources, the Audit, Governance and Standards Committee and Members of the Management Team within the Financial Procedure Rules.

A1 Audit, Governance and Standards Committee responsibilities

- A1.1 Day to day responsibility for the Council's finances rests with Directors and their Managers as set out in these Financial Procedure Rules with some functions delegated to the Audit, Governance and Standards Committee.
- A1.2 Audit, Governance and Standards Committee shall oversee compliance with the Council's Financial Procedure Rules for those functions within their Terms of Reference. Management Team are responsible for ensuring those functions within their Terms of Reference operate within the Council's Financial Procedure Rules.

A2 Chief Financial Officer (Director of Finance and Resources) responsibilities

- A2.1 The Director of Finance and Resources has been appointed under Section 151 of the Local Government Act 1972 as the Officer with responsibility for the proper administration of the Council's financial affairs.
- A2.2 Reference in these Financial Procedure Rules to the Director of Finance and Resources shall be taken to include any Officer nominated by the Director of Finance and Resources to act on his/her behalf.
- A2.3 The Director of Finance and Resources shall be entitled to attend a meeting of any body on which Members are represented where matters affecting the financial affairs of the Council are being discussed.
- A2.4 The Director of Finance and Resources, under the general direction of Executive, is responsible for determining the basis for all accounting procedures and financial records for the Council and for exercising a check over all financial matters.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

- A2.5 The Director of Finance and Resources is responsible for maintaining a continuous review of the Financial Procedure Rules and advising the Audit & Governance Committee and Council of any additions or changes necessary.
- A2.6 The Director of Finance and Resources is responsible for reporting, where appropriate, breaches of the Financial Procedure Rules or any other element of the Constitution that relates to the proper administration of the Council's financial affairs to the Council and/or Audit, Governance and Standards Committee.
- A2.7 The Director of Finance and Resources is responsible for issuing advice and guidance to underpin the Financial Procedure Rules.
- A2.8 The Director of Finance and Resources is responsible for maintaining adequate and effective audit arrangements for the Council and for ensuring that audit services complies with the public sector internal audit standards.
- A2.9 The Director of Finance and Resources is responsible for ensuring, in conjunction with the relevant member of the Management Team, that the Council's disciplinary procedures are followed where the outcome of an audit or other investigation indicates fraud or irregularity.
- A2.10 The Director of Finance and Resources is responsible for ensuring that any case of fraud or loss or financial irregularity or bribery or corruption discovered or suspected to exist which involves the Council's interest shall be dealt with in accordance with the Council's Anti-Fraud and Anti-Corruption Policy.
- A2.11 The Director of Finance and Resources is responsible for appointing Senior Officers to be the Council's Money Laundering Reporting Officer and Deputy to the Council's Money Laundering Reporting Officer.
- A2.12 The Director of Finance and Resources has overall responsibility for making payments on behalf of the Council.
- A2.13 The Director of Finance and Resources has overall responsibility for the Council's income and collection functions although this will be carried out by Hoople Ltd who will ensure the effective collection and recording of all monies due to the Council.
- A2.14 The Director of Finance and Resources is responsible for making payments to employees, former employees and Members on behalf of the Council.
- A3 Corporate Management Team responsibilities**

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

- A3.1 Members of the Management Team are responsible for ensuring that all employees are aware of the content of the Financial Procedure Rules and other internal regulatory documents and that they are complied with.
- A3.2 Members of the Management Team are responsible for consulting with the Director of Finance and Resources on any matter within their area of responsibility that is liable to materially affect the finances of the Council before any provisional or other commitment is incurred or before reporting the matter to an Executive member.
- A3.3 Members of the Management Team are responsible for supplying the Director of Finance and Resources with all information necessary for the proper administration of the Council's affairs.
- A3.4 Members of the Management Team shall allow the Director of Finance and Resources and his/her authorised representatives access to all documents and records on demand.
- A3.5 Members of the Management Team shall maintain a sound system of internal control.
- A3.6 Members of the Management Team are responsible for ensuring those functions within their Terms of Reference operate within the Council's Financial Procedure Rules.
- A3.7 Members of the Management Team are responsible for informing Executive members promptly if the Council's Financial Procedure Rules are not being complied with.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Appendix B****GOVERNMENT PROCUREMENT CARDS (GPC)
GUIDANCE FOR CARDHOLDERS****Contact Details****RBS Cardholder Helpline**

Telephone: 0870 909 3702

Mon - Fri 8.00 a.m. - 6.00 p.m.

Sat 9.00 a.m. - 1.00 p.m.

Fax: 01702 278312

Lost or Stolen Cards

The Royal Bank of Scotland Card Loss Centre

Telephone: 0870 6000 459

Open 24 hours, 7 days a week.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Introduction**

You have been selected to participate in the Government Procurement Card scheme (GPC). This scheme is designed to make it easier and more cost effective for employees to make low value purchases of goods and services for Council use. A low value purchase is not likely to exceed £250 and is likely to be substantially less. Using GPC, you can purchase goods and services from suppliers who accept Mastercard.

We are implementing this new purchasing concept for lower value purchases because we feel it will help you to more quickly and easily obtain the goods and services you need to get your job done. It will reduce paperwork associated with the traditional purchase order process resulting in cost savings for the Council and a saving in time for you.

Your feedback will help us to fine-tune the scheme as we integrate it into our purchasing processes. If you have any comments or questions about the GPC scheme, please contact your Administrator who is:

Jordan Smith on 01527 64252 Ext 2161

or

Payments on 01527 64252

You should contact immediately if your card is

- **Lost or Stolen**
- **Changes to current limits required**
- **Changes to Merchant Category Codes**
- **You are leaving us**
- **You Change your name or address**
- **You have a change of job**
- **You no longer require a GPC Card**

If your card is lost or stolen please also contact:

The Royal Bank of Scotland Card Loss Centre

Telephone: 0870 6000 459

24 hours, 7 days a week

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****What We Expect From You**

- Your Purchasing Card is personal to you, no one else is authorised to use your card. Do not allow any other employee to use your card or quote its number when ordering.
- The card number should always be kept confidential.
- Do not share your PIN number with anyone.
- The card must be used in accordance with this user/procedure guide, and the Employee Agreement.
- It is to be used for business related purchases only, where there is not a more cost-effective way of making the purchase.
- The types and values of purchases must be within the limits set. You are responsible for achieving best value for money.
- You are responsible for ensuring the security of the card.
- The card must not be used to obtain cash back facilities offered when making authorised purchases.
- You are responsible for reporting its loss, theft or misuse to The Royal Bank of Scotland Card Loss Centre Telephone 0870 6000 459 and your Administrator as soon as you notice your card is missing.
- You will be asked to sign an Employee Agreement to this effect.
- Misuse of the card as determined by non-compliance with this cardholder guide may result in action being taken under the Council's disciplinary procedures. In such circumstances the Card Administrator has authorisation to cancel your card without further notice.
- Under no circumstance must the Card be used for paying an invoice.
- You will be responsible for keeping a record and receipts for all your transactions these must be entered onto the online system each time you use your card completing all of the fields including the Cost Centre and Account Code information. Failure to complete this will result in your card being cancelled.
- Full training and a username password will be given to you so that you can use the online system to record any purchases you make utilising the card. If you forget your password please contact the Card Administrator

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****What is a Purchasing card?**

GPC cards is an alternative method to the current buying process of paying for low value, high volume goods or services. By simplifying transaction processing, it assists purchasing efficiency and will save RBC time and money. The current indicated savings from the Audit Office equate to £28 per transaction however this does not include the paper and other associated print/environmental savings when the need not to produce orders, delivery note and invoices is taken into account.

The Purchasing card looks like any normal debit/credit card, but is a procurement card, which means your total balance on your monthly statement must be settled in full.

It also means that the supplier is paid much more quickly (typically 3 to 5 days) rather than waiting for us to settle their invoice.

The card can be used at any establishment displaying the Mastercard symbol, in the UK. But we are looking for you to use suppliers who are capable of providing VAT reporting to level 3, this to facilitate further efficiency savings as the banks monthly returns of purchases made can be used to reclaim VAT from HMC&R. We are currently working with the Bank and the Suppliers we most commonly use to increase their VAT reporting capabilities to level 3. Embossed on the card is the following:

Redditch Borough Council

Your Name

Expiry Date

Card Number

Your Purchasing card offers the opportunity to improve both the focus and flexibility of purchasing procedures whilst reducing the volume of purchase orders, invoices and associated paperwork for small value purchases, improving the cost effectiveness of processing these types of transactions.

Your card is to be used for business expenditure only.

REDDITCH BOROUGH COUNCILAudit, Governance and Standards Committee25th July 2024**Controls**

Each card has a maximum monthly expenditure limit and individual transaction limit.

Monthly Expenditure limit

The total amount you can spend on your card each month.

Transaction Limit

The total amount you can spend on any single purchase.

Both of these limits are inclusive of VAT and any carriage.

The limits were set on your card application form based upon your estimated spend pattern.

Merchant Category Group code blocking

A further control has been applied to your Purchasing card.

Each supplier capable of accepting your GPC card will be classified by a certain Merchant Category Group code. By the way of an additional control, any number of these codes can be blocked or left unblocked to ensure compliance with business policies and to mirror each cardholder's buying profile.

Please make a note of these limits/controls.

If you try to purchase goods and services that are outside of these limits, your transaction will be declined and could lead to embarrassment. If you can prove that your limits are unrealistic to your work or the purchases you have to regularly make using the card please discuss with your line manager prior to requesting any increase in same

As detailed above, if you try to use your card with a supplier whose Merchant Category Group code has been blocked on your Purchasing card, this will also lead to your card being declined.

If this occurs, please contact the Administrator immediately to discuss how your card can be updated to reflect your requirements.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Queries on Goods****Faulty or damaged goods supplied**

If the cardholder rejects the goods purchased as unsatisfactory he/she should inform the supplier immediately and try to reach an agreement to return the goods and obtain a refund. The Royal Bank of Scotland is unable to become involved in any disputes between purchaser and supplier over the quality or suitability of goods purchased.

The supplier should arrange for a credit (refund) to be made to The Royal Bank of Scotland Purchasing Card Account which will then appear on a subsequent statement. To aid reconciliation, we suggest the cardholder retains a record of the credit at the time the goods are returned, rather than waiting for the statement to arrive.

Please note that refunds from abroad may vary from the original transaction amount due to exchange rates.

Goods not supplied/wrong goods supplied

If an item is charged to the cardholder's account but the goods or services ordered have not been received or are incorrect, the cardholder should contact the supplier to confirm that the goods have been supplied or the correct goods are being despatched.

A refund can be claimed from the supplier only after allowing 60 days from the transaction date for delivery of the correct goods.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee

25th July 2024

APPENDIX 1

Employee Agreement

- a) I, Hereby accept a Purchasing Card. As a cardholder I agree to comply with the terms of the attached policy regarding my use of the Card.
- b) I have received and understood that I am being entrusted with a corporate charge card and will be making financial commitments on behalf of the company. I understand that the RBC is liable to the card provider for all the charges made on the card.
- c) I agree to use this card for business purchases only and agree not to charge personal purchases. I understand that the RBC will audit the use of this card and report and take appropriate action on any discrepancies.
- d) I will follow the established procedures for the use of the card. Failure to do so will result in cancellation of my card and disciplinary actions, including termination of employment.
- e) I have been given a copy of the Purchasing Card Policy and User Guide and understand the requirements for the Card's use.
- f) I agree to return the Card immediately upon request or upon termination of employment (including retirement). Should there be any organisational change, which cause my purchasing requirements to change, I agree to return my card and arrange for a new one, if appropriate.
- g) If the card is lost or stolen I agree to notify Royal Bank of Scotland immediately by telephone and the Card Administrator as soon as possible thereafter.

Employees Signature..... Date.....

Card Number.....

Card Administrators Signature..... Date.....

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Appendix C****Glossary of terms**

In the Financial Procedure Rules the words and phrases in the left-hand column have the meaning given in the right-hand column;

| | |
|-------------------|---|
| Appropriation | Land held by the Council for one statutory purpose being held for a different statutory purpose. |
| Asset | Something the Council owns that has value, such as premises, vehicles, equipment or cash. |
| Audit | A specialist team that examines, evaluates and reports on the adequacy of internal control systems. |
| Budget | A statement of the authority's plans for revenue and capital expenditure and income over a specified period of time. |
| Capital | Spending, usually on major assets like a building, where the benefit of the asset lasts for more than one year. |
| Capital Programme | A budget generally covering a 3–5-year period relating to items of capital expenditure. |
| Capital receipts | Proceeds from the sale of fixed assets, such as land or buildings. |
| Cash Limit | The most that can be spent in an area in one year. |
| CIPFA | The Chartered Institute of Public Finance and Accountancy is the leading professional accountancy body for public services in the UK. CIPFA has responsibility for setting good practice accounting standards for local government. |
| Gross Expenditure | The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services. |
| Imprests | Bank and petty cash floats. |
| Internal Control | The systems of control that help ensure the Council's objectives are achieved in an economical, efficient and effective way and consistent with safeguarding the Council's assets. |
| Inventory | A list of equipment and furniture. |
| Money Laundering | The practice of engaging in financial transactions in order to conceal the identity, source, and/or destination of money. |
| Officer | A person employed or appointed as a member of staff. |
| Revenue budget | Budget relating to the day-to-day expenses associated with the provision of services. |

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

| | |
|------------------------------|--|
| Treasury Management | Management of the Council's cash balances on a daily basis, to obtain the best return while maintaining an acceptable level of risk. |
| Treasury Management Strategy | A document stating how the Council plans to borrow and optimise its return on its cash and investments in the coming financial year whilst ensuring the over-riding criterion of security of public money. |
| Virement | Transfers of budgets between one area and another. |

Clarification of Post titles

| | |
|-----------------------------------|--|
| Chief Executive | The Council's Head of Paid Service |
| Director of Finance and Resources | The Council's Chief Financial Officer (CFO) or Section 151 Officer |
| Financial Services Manager | The Council's Deputy Section 151 Officer |

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Appendix C - Service Financial Governance Paper****Introduction**

The Balanced Budget and Closure documentation should be read in conjunction to this report. This report sets out requirements and expectations of the Finance Team and Services in terms of

- Financial Rules and Regulations (Including Virement Limits)
- Expectations – Finance Staff, Other Staff
- Financial processes (Finance and Customers)
 - Budget Setting
 - In Year Monitoring of Expenditure
 - Closure of Yearly Accounts
 - Purchasing of Good and Services
 - Invoicing for Goods and Services required
 - Cash Receipting
 - Financial monitoring (Capital and Revenue)
 - Insurance
- Signoff requirements for reports
- Training Requirements

Significant to this is ensuring that service managers have the requisite financial skills to effectively carry out their financial roles and understand how and where they can get financial support (across the range of finance/Income/payments/cashiers).

A. Rules and Regulations

Both Councils have identical financial regulations – these are set out in Appendix A (Redditch is used as the Example). These regulations are split into 5 Main categories:

- Audit, Governance and Standards Committee responsibilities
- Chief Financial Officer (Director of Finance and Resources) responsibilities
- Corporate Management Team responsibilities

The regulations in section A1.1 set out that day to day responsibility for the Council's finances rests with Directors and their Managers as set out in these Financial Procedure Rules.

It is clear from the regulations that Director of Finance and his staff

- ***Are responsibility for the proper administration of the Council's financial affairs.***
- ***Under the general direction of Executive, are responsible for determining the basis for all accounting procedures and financial records for the Council and for exercising a check over all financial matters.***
- ***Are responsible for maintaining a continuous review of the Financial Procedure Rules and advising the Audit & Governance Committee and Council of any additions or changes necessary.***
- ***Are responsible for reporting, where appropriate, breaches of the Financial Procedure Rules or any other element of the Constitution that relates to the proper administration of the Council's financial affairs to the Council and/or Audit, Governance and Standards Committee.***

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

- **Are responsible for issuing advice and guidance to underpin the Financial Procedure Rules**
- Are entitled to attend a meeting of any body on which Members are represented where matters affecting the financial affairs of the Council are being discussed.
- Are responsible for maintaining adequate and effective audit arrangements for the Council and for ensuring that audit services complies with the public sector internal audit standards.
- Are responsible for ensuring, in conjunction with the relevant member of the Management Team, that the Council's disciplinary procedures are followed where the outcome of an audit or other investigation indicates fraud or irregularity.
- Are responsible for ensuring that any case of fraud or loss or financial irregularity or bribery or corruption discovered or suspected to exist which involves the Council's interest shall be dealt with in accordance with the Council's Anti-Fraud and Anti-Corruption Policy.
- Are responsible for appointing Senior Officers to be the Council's Money Laundering Reporting Officer and Deputy to the Council's Money Laundering Reporting Officer.
- Have overall responsibility for making payments on behalf of the Council.
- Have overall responsibility for the Council's income and collection functions although this will be carried out by Hoople Ltd who will ensure the effective collection and recording of all monies due to the Council.
- Are responsible for making payments to employees, former employees and Members on behalf of the Council.

Although all functions are important, those highlighted in bold are especially pertinent for this Governance paper which sets out the responsibility of finance staff. This Governance paper sets out the support that finance staff will give to managers to help them fulfil their financial functions.

Departmental staff (through CMT) need to ensure that:

- All employees are aware of the content of the Financial Procedure Rules and other internal regulatory documents and that they are complied with.
- They consult with the Director of Finance and Resources on any matter within their area of responsibility that is liable to materially affect the finances of the Council before any provisional or other commitment is incurred or before reporting the matter to an Executive member.
- They supply the Director of Finance and Resources with all information necessary for the proper administration of the Council's affairs.
- They allow the Director of Finance and Resources and his/her authorised representatives access to all documents and records on demand.
- They maintain a sound system of internal control
- They ensure those functions within their Terms of Reference operate within the Council's Financial Procedure Rules.
- They are responsible for informing Executive members promptly if the Council's Financial Procedure Rules are not being complied with.

It is clear from these financial regulations that Service Managers are responsible for delivery of the financial procedures and rules, but that finance department staff should set the rules and regulations out as clearly as possible and provide training and guidance to ensure that Service Managers can deliver those requirements as effectively as possible. These are set out in more detail in later sections. **If rules are not complied with access to systems will need to be reviewed.**

B. Virement Limits

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

Budgets for each financial year are set out in the Medium-Term Financial Strategy which is approved by Full Council every February. Any changes to those budgets must be approved using the following process. Only Heads of Service, in conjunction with the Financial Services Manager can approve virements below £20k. All virements above this level require Member approval.

All changes to cash limits through Virement changes must be reported in the following monitoring report. All virements must be entered onto the finance system for approval by an authorised Officer.

No virements under £5,000, unless authorised by the Financial Services Manager.

| Virement Amount | Approval Required |
|------------------------|---|
| Below £20,000 | Head of Service and Financial Services Manager |
| £20,000 - £40,000 | Director of Finance in consultation with relevant Director and Portfolio Executive Member |
| Above £40,000 | Shall be reported in the budget monitoring report to Executive |

C. Financial Processes

There are 6 Main Finance Processes. These cover both Revenue and Capital expenditure including projects. These are:

- Setting a Budget
- Monitoring Expenditure against the agreed Budget
- Closure of a Financial Year
- Raising Expenditure
- Raising Income
- Receipt of Cash through Cash Receipting Systems

Finance procedures are presently being revised and then these will be updated on the ORB. A suit of finance training will be rolled out in the May to July Period to ensure that managers financial acumen across the Council is maintained at the correct level. The upgraded guidance and training is to ensure that managers and staff have finance procedures that are clear and easy to follow. Updated links to this guidance will be issued shortly.

The Financial Procedure Rules apply to every Member and Officer of the Council

- They Promote best value and improves service delivery.
- Set out procedures for employees and members to meet the Council's expected standards
- Demonstrates that controls are in place.

Members and Officers are required:

- to have proper regard to the advice and guidance issued by the Executive Director of Finance.
- to lead by example in ensuring adherence to financial and legal requirements, rules, procedures and practices.
- to act in accordance with the Council's anti-fraud and anti-corruption policies

Setting a Budget

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The annual budget will include:

- Annual capital and revenue budgets
- Proposed contingencies, general reserves, specific reserves
- Council Tax requirement
- Treasury Management Policy and borrowing limits
- Statutory declaration on budget settling

The Executive shall (following Management Team proposals), recommend to Council:

- A capital programme for each year, and future indication over a four-year period
- Recommended funding method for each capital project

A capital policy report shall include:

- Estimated cost
- Any phasing of expenditure
- Proposed financing method
- The effect on revenue estimates
- Additional staff required
- An assessment of the need for this scheme and the benefits
- A technical and financial appraisal of the alternative approaches

Finance is responsible for:

- Setting the budget timetable and requirements to deliver an ongoing sustainable budget – see the document **“Balanced Budget Paper”**.
- Rolling forward previous years data, including grants, income and expenditure variations.
- Establishing the financial constraints and “budget envelope” in conjunction with CMT from rolling forward previous budgets and taking account of Government legislation and funding changes (including the settlement).
- Having the above at a detailed level ready for Service input, including detailed Staffing budget makeup, including all changes.
- Drawing up, in conjunction with Services, the detailed Medium Term Financial Plan, including precept amounts and associated strategies, for approval at Council in February. This document will be initially signed off at Corporate Management Team (CMT) before final signoff as in any Council Report. This may be a single or multiple phase process.
- Liaising with the Leader and Portfolio Holder for Finance.
- Liaison with Internal and External Audit and Government Departments.

Service Managers are responsible for

- Service leadership by Heads of Service and signed off by CMT.
- Establishing their forward budget based on the financial constraints, legislative requirements, and business plan requirements
- Cost up, with financial support, growth and savings options, to keep within their “budget envelope”
- Complying with the requirements of the **“Balanced Budget Paper”** from a service point of view
- Ensuring all changes to budgets, including Grants, are signed off by the finance department to ensure they are fully accounted for in “in year” and forward budgets. If budgets are changes in year, depending on size, this might also qualify as a key decision and require a report for approval.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Monitoring Expenditure against an agreed budget**

Monitoring ensures that the Council and its staff are:

- Following the approved process for all expenditure
- Ensuring that income and expenditure is properly recorded and accounted for
- Ensuring that expenditure is only committed against an appropriate budget
- Monitoring performance levels/levels of service – and take action if needed
- Investigating and reporting significant variances from approved budgets
- Reporting on any new income/grants before they can be spent

Revenue

Revenue budgets, from 2022/23 will be monitored monthly using the Tech One forecasting module. By using the financial system, outputs can easily be consolidated, and this ensures usage of the financial system for all transactions. Reports will be presented to Members as part of the consolidated Finance and Performance Report on a quarterly basis.

Finance is responsible for:

- Ensuring that approved budgets are properly loaded on Tech One and that service managers are properly trained. They will also support service managers with detailed budget queries in their respective service areas.
- Setting up and codes close codes on the Tech One to properly account for income and expenditure.
- Ensuring periods are opened and closed at the appropriate time, reconciliations are kept up to date (including bank reconciliations), overall debt levels are monitored, and that all feeders into the general ledger (interfaces/grants/treasury transactions) have been applied.
- Providing a quarterly list of Purchase Orders for services to check to validate and close where necessary orders to ensure only pertinent information is contained on the ledger
- Ensuring budget managers understand coding requirements
- Actioning journals on behalf of Budget Managers.
- Agreeing the Internal Audit Plan and ensuring its delivery.

Service Managers are responsible for:

- Ensuring that there is a nominated manager for each Cost Centre.
- Ensuring that their managers input updated budget forecasts and comments monthly, and this is compiled into the quarterly returns to Members as per the Council timetable
- Informing Finance of changes required for Journals to be actions to rectify the situation in cases of miscoding but,
- Being responsible for their expenditure and income (Sales orders, requisitions, and Interfaces) to be coded correctly.
- Complying with Internal Audit requirements, including providing information, and agreeing and delivering recommendations.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****Capital**

Capital Budgets will be monitored on a quarterly basis. A similar process will be followed to that of revenue

Closure of a Financial Year/Period

The Council must statutorily produce draft accounts by the end of June for the preceding financial year and these accounts must be approved by External Audit and Audit Committees by the end November (***although this timetable is being reviewed at the moment due to non-compliance across the Country***).

Finance is responsible for:

- Providing a timetable of deliverables for budget managers.
- Providing a detailed timetable to deliver closure and associated weekly progress meetings.
- Drawing up the Detailed Statement of Accounts within the approved timescales.
- Ensuring all codes and suspense reconciliations are completed to the appropriate standard.
- Ensuring working papers are drawn up to the correct standard.
- Ensuring all the appropriate Governance steps, internal and external, are followed

Service Managers are responsible for:

- Delivering the detail requested in the budget manager deliverable timetable (including debtor/creditor schedule,
- In specific areas providing additional information (such as Capital as set out in the detailed guidance notes)

Raising Expenditure

Expenditure can be raised in the following ways

1) Using the Requisition Processes on Tech One System

An order number must be in place for all goods and services, or the supplier will not be paid. This

- ensures the cost is covered by an approved budget and budget manager
- allows us to review our budget performance more accurately
- quicker processing of invoices

These processes are in place to maintain the security and integrity of data for transacting business electronically.

The End to End Purchasing process is:

- Creation of the Purchase Order by the Service
 - Description of goods, works or service
 - Coded to the correct budget
 - Authorised by the appropriate budget holder
- Delivery of Goods, Works or Services
- Goods Receiving the Purchase Order following the delivery of the Goods/Service, ensuring all is in accordance with the order.
- Receipt of invoice once received on the Finance system by Finance staff

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024**

- Payment of the invoice

Finance are Responsible for:

- Receiving and inputting invoices from suppliers.
- If PO Value does not equal Invoice Value chasing Services in order to amend PO value.
- Review statements to ensure all payments have been made, if invoices not received then chase suppliers for missing invoices (Post or email).
- Delivering 2 Payment runs a week.
- Input "One Off" payments from Services, ensuring all the required details have been completed (reject if incorrect).
- Input payroll payments on "one off" proforma on monthly basis from Payroll Services.
- Input Utilities Payments.
- Deliver IR35 Returns.
- Make CIS payments and deliver monthly return.

Service Managers are responsible for:

- Ensuring they have Appropriate Administrators to raise requisitions, and Budget Managers to approve these using the correct codes (see budget management section).
- Administrators raise requisitions, which are approved by budget managers.
- Administrators approve Goods Receipts GRN (only the administrator of a PO can GRN it)
- If PO Value does not equal Invoice Value service administrators amend PO value, as informed by Finance, amend the PO value and GRN for finance to match the invoice.
- Completion of "one off" payment proforma's with all the required information if a payment does not need to follow the normal requisition process. This also requires 2 signoffs including the budget manager and an email of approval.
- Property prepares multilevel Utilities spreadsheets for inputting by Payments

2) Government Procurement Cards GPC

These are designed to make it easier and more cost effective for Services to make low value purchases (typically £250 or less).

- The GPC is personal to you, no one else is authorised to use your card.
- You are responsible for the security of the card
- GPC should never be used to pay an invoice
- You need to keep records and receipts for all transactions, and these must be entered online each time you use the card, including filling in the Cost Centre and Account Code information.

A GPC Card may **look** like a debit/credit card – but it is not. It is a procurement card. There is a difference!

Controls are in place using these Cards:

- Maximum monthly expenditure
- Individual transaction limit
- Merchant Category Group code blocking

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- Each supplier is classified with a Category Group code. Any number of these codes can be blocked or left unblocked to ensure compliance with business policies

Finance are responsible for:

- Administering the scheme.
- Approving the transaction
- Ensuring reconciliations have been completed

Service Managers are responsible for:

- Allocating appropriate managers to cards
- Ensuring spending is made for the appropriate reasons
- Delivering the monthly reconciliation on individual card transactions, ensuring that the payments are transferred to the right place on the ledger.

3) Faster Payments

These should only be used as a last resort and from the 1st May 2022 will require the Head of Finance and Customer Services approval, they are for immediate payments, but they should not be used to override existing purchasing and Government Procurement Card procedures.

Finance are responsible for:

- Administering the scheme.
- Approving the transaction – including the coding
- Ensuring funds are available to enable the transaction to take place

Service Managers are responsible for:

- Completing the “One-Off” Proforma properly and ensuring it is properly signed off
- Ensuring spending is made for the appropriate reasons

4) Creditor Management and Links to Procurement

Finance will ensure that when Services fill in new Creditor forms that they and procurement approve them in a timely manner.

Finance are responsible for:

- Ensuring that procurement have approved the supplier.
- Ensuring the form is correctly filled in – if not it is rejected.
- Adding the supplier to Tech One.
- Informing the person who initiates that the process has been completed.

Service Managers are responsible for:

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- Completing the New Supplier Form, ensuring all the correct details have been included including backing information and appropriate signoff

Raising Income

Income comes into the council through a variety of sources. This process sets out the raising of sales orders. Income will also come into the Council through the Cash Receipting System. Those payments might be through web transactions or interfaces and are dealt with in the monthly monitoring section in terms of reconciliations.

Sundry income is delivered via Sales Orders

Finance are responsible for:

- Delivering recurring payments (Once set up by the service departments)
- Setting up Customers on correctly filled in and authorised proformas from the business
- Chasing of Outstanding debt amounts – through the dunning process.
- Setting up Direct Debits and Payment Plans for outstanding debt
- Reconciling individual debtor accounts and dealing with associated queries
- Preparing write off lists to be approved by the business

Service Managers are responsible for:

- Raising and approving sales orders with the correct coding
- Setting up new suppliers with the appropriate details and authorisation using the Customer proformas
- Approving debt write offs as advised by the Income Team

Insurance

The insurance team deals with the end-to-end Council insurance process. Small claims are generally dealt with in house if they are less than the policy excess. The main exceptions to this are:

- Personal injury claims always go to Zurich
- Employee injury claims always go to Zurich
- Claims we believe may not go over the excess but require Zurich's services to investigate (Loss adjusters etc)

Finance are responsible for:

- The tendering of the Insurance Contract.
- Liaison with our insurers.
- Management of the Insurance budget.
- In Respect of Claims Handling:
 - Responding to the claimant. Usually via email, requesting further information and with an attached FNOL (First Notification Of Loss) letter.

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- Requesting/collecting information for the claim from the claimant (Photos/receipts/quotes etc) and our council service teams relevant to the type of claim (complaints/inspections reports etc).
- Collating the information and carry out the investigation into the claim
- Making a decision on liability
- If the Council accept liability, the Insurance Team make an offer to settle

Service Managers are responsible for:

- Signposting new claimants to the relevant Council website for them to start a claim. Bromsgrove <https://www.bromsgrove.gov.uk/council/corporate/submit-a-claim-against-the-council.aspx>.
Redditch <https://www.redditchbc.gov.uk/council/corporate/submit-a-claim-against-the-council.aspx>
- If the service receives an email detailing the claim this must be sent to the insurance email insurance@bromsgroveandredditch.gov.uk
- Incidents involving our vehicles will require an accident report sending to the insurance team, even if a claim is not required
- Ensuring staff do not try to offer advice on the claims process other than where to make the claim.
- Ensuring staff do not try to accept liability to a claimant, this needs to be to the Insurance team if we are liable.
- Ensuring staff do not set any expectations to claimants (even when liability is accepted) such as requesting quicker payments.
- Respond to an information request from the Insurance team in a timely manner.

D. Signoff Requirements for Reports

In the financial regulations there is the requirement in services for:

- All employees are aware of the content of the Financial Procedure Rules and other internal regulatory documents and that they are complied with.
- To consult with the Director of Finance and Resources on any matter within their area of responsibility that is liable to materially affect the finances of the Council before any provisional or other commitment is incurred or before reporting the matter to an Executive member.
- To supply the Director of Finance and Resources with all information necessary for the proper administration of the Council's affairs.

This includes projects (such as Towns Fund, Levelling Up, Etc), Committee Reports, and external briefings. Time must be given for the correct consideration of financial aspects of reports and their consequences. **The Committee Service Team recently updated CMT of these requirements and timescales.** If reports are not delivered to these timescales they will not be forwarded on for Members to approve.

Finance should ensure that a nominated representative at the appropriate level has signed off the report and that the financial consequences are fully understood and properly reflected in the report.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****25th July 2024****E. Financial Training Requirements**

This report has highlighted the following financial training requirements:

- Overall Financial
- Budget Management
- Purchasing Process Requirements
- Income Process Requirements
- Cash Receipting Requirements
- Member Financial Training Requirements

A detailed training plan is being designed to ensure all staff with financial responsibilities (Budget Holders, Head of Service, Cashiers, etc) have the knowledge to understand and manage the finances of the council within their area. That includes these Service Protocols.

There will also be financial training for Members so they can understand the Council's financial reports and other financial information, as well as being able to challenge the information provided to ensure the proper running of the Council. This generally happens in May and June following elections.

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE –
WORK PROGRAMME 2024-25**

25th July 2024

Standing items:

- Feckenham Parish Council Representative's report - Standards Regime
- Risk Management Report / Corporate Risk Register
- Financial Compliance Report including update on Statements of Accounts
- Risk Champion Update
- Committee Work Programme

Additional Items:

- Internal Audit Annual Report 2023-24

26th September 2024

Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- External Audit Update Report
- Internal Audit Progress Update
- Financial Compliance Report including update on Statements of Accounts
- Annual Appointment of Risk Champion
- Committee Work Programme

Additional Items:

- Financial Savings Monitoring Report
- Annual Review Letter of Local Government and Social Care Ombudsman

28th November 2024

Standing items:

- Feckenham Parish Council Representative's report - Standards Regime
- Risk Management Report / Corporate Risk Register
- Internal Audit Update Report
- External Audit Update Report
- Financial Compliance Report including update on Statements of Accounts
- Risk Champion Update
- Committee Work Programme

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE –
WORK PROGRAMME 2024-25**

30th January 2025

Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- External Audit Update Report
- Internal Audit Progress Update
- Financial Compliance Report including update on Statements of Accounts
- Annual Appointment of Risk Champion
- Committee Work Programme

Additional Items:

- Financial Savings Monitoring Report
- Capital Strategy 2025-26 including Treasury Management Strategy

8th April 2025

Standing items:

- Feckenham Parish Council Representative's report - Standards Regime
- Risk Management Report / Corporate Risk Register
- Internal Audit Update Report
- External Audit Update Report
- Financial Compliance Report including update on Statements of Accounts
- Risk Champion Update
- Committee Work Programme

Additional Items: