

# Audit, Governance & Standards Committee

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Thursday, 26th September,  
2024

## MINUTES

### Present:

Councillor Gemma Monaco (Chair), Councillor Chris Holz (Vice-Chair) and Councillors James Fardoe (substitute), Claire Davies, Andrew Fry, Joanna Kane and David Munro

### Also Present:

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

### Officers:

Peter Carpenter, Debra Goodall, and Nicola Cummings

### Democratic Services Officers:

M Sliwinski

## 27. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from Councillors Munro and Begum. Councillor Fardoe attended the meeting as a named substitute for Councillor Begum.

## 28. DECLARATIONS OF INTEREST

There were no declarations of interest.

## 29. MINUTES

The minutes of the meeting of Audit, Governance and Standards Committee held on 25<sup>th</sup> July 2024 were submitted for Members' consideration.

Chair

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

Councillor Fry advised of a typographical error in the minutes of the meeting of 25<sup>th</sup> July 2024, whereby he was not recorded as having been present at the meeting. The Democratic Services Officer in attendance undertook to correct this error.

## **RESOLVED that**

**subject to the amendment detailed in the preamble above, the minutes of the Audit, Governance and Standards Committee meeting held on 25<sup>th</sup> July 2024 be approved as a true and correct record and signed by the Chair.**

### **30. PUBLIC SPEAKING**

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

### **31. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Committee considered the Monitoring Officer's report which provided updates on Member Complaints and Member Training.

It was reported that three member complaints had been received since the last meeting, two of which had been deemed not to be member conduct issues requiring further investigation. One complaint was in the process of being investigated. It was noted that the Member Support Steering Group (MSSG) agreed to circulate a questionnaire to all Councillors asking for feedback with regard the induction process for Councillors elected in 2024. In response to a question about the number of responses to the member induction survey, the Officers undertook to provide the answer after the responses had been collated.

Overview of the training that had taken place and was due to take place was provided. It was requested by Members that cyber security training for Members be arranged as soon as possible. Officers noted that they were currently investigating the best approach to providing this training, including arranging an external trainer provider. In response to a question about enforcing attendance at member training sessions, it was responded that Officers could not mandate elected members to attend training.

## **RESOLVED that**

**the Monitoring Officer's report be noted.**

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

## **32. ANNUAL REVIEW LETTER OF LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN**

The Committee received a report which set out details of the Local Government Ombudsman's Annual Review Letter which covered the period until 31<sup>st</sup> March 2024.

During this one-year period, 7 complaints had been received and 8 complaints had been decided (of which some were received prior to 1<sup>st</sup> April 2023). Of the 8 decided cases, one complaint relating to a housing issue was upheld and the Council was found to be at fault. The Ombudsman found that one complaint did not warrant an investigation and was closed, three complaints were referred back to the Council as 'premature', which meant the cases had not had time to be processed through the Council's complaints process. In two cases, advice was given by the Local Government Ombudsman and the complainants were signposted to the right help. In one complaint, the investigation resulted in the finding of no fault on the part of the Council.

In response to a question regarding implementing the Ombudsman's recommendations for the upheld case, the Deputy Monitoring Officer responded that the Ombudsman's recommendations had been fully implemented. Additionally, a root and branch review of internal processes had been carried out to identify and, in future eliminate, the causes that led to the Council being at fault.

A question was asked regarding the Council's new complaint monitoring plan. It was responded that the plan took into account the requirement that would be introduced for local authorities to respond to all complaints within ten working days. It was reported that the new corporate complaint system had undergone an internal review. The complaints and compliments data would become available to view on the PowerBI software.

**RESOLVED that**

**the report be noted.**

## **33. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME**

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

The Feckenham Parish Council Representatives were not present at the meeting. A Member requested that a note be prepared by the Committee Officer, explaining the role that Parish Council Representative fulfilled on the Audit, Governance and Standards Committee. This would be shared with Feckenham Parish Councillors for their consideration.

## **34. GRANT THORNTON - EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE (REPORT TO FOLLOW)**

The Key Audit Partner from Grant Thornton presented an update on the application of the local authority backstop and in doing so reported that the Government announced a backstop date of 13<sup>th</sup> December 2024 by which accounts up to the 2022-23 financial year would need to have been produced, put out for public inspection, and to have received an audit opinion.

It was noted that Redditch Borough Council had outstanding accounts to be externally audited for years 2020-21, 2021-22, and 2022-23. It was the view of the External Auditor that given the backstop date of 13<sup>th</sup> December, there would not be enough time to complete the audits of these accounts, and therefore the backstop would need to be applied and disclaimer opinions issued for these years. It was noted that disclaimer opinions in this case would mean that the auditor had been unable to form an audit opinion, the reason being the limitation of scope imposed by statute (not by the local authority). It was noted that for years 2020-21 to 2022-23, the External Auditor had completed Value for Money work and issued interim auditor's Annual Reports, which would be finalised when opinions on the financial statements were issued.

It was reported that the next meeting of the Committee would need to be rearranged to early December, in anticipation of the backstop date, in order to enable the External Auditor to share the wording of audit opinions for years 2020-21 to 2022-23 with the Committee. Members were updated that the Council had produced the 2020-21 accounts, and they had been released for public inspection. The 2021-22 accounts were to be released for public inspection at the beginning of October, and the 2022-23 draft accounts were to be finalised and released for public inspection by the end of October.

The Council's new External Auditor, Bishop Fleming, would be assuming responsibility for the Council's accounts from financial year 2023-24. The backstop deadline for issuing of audit opinions for accounts for financial year 2023-24 was 28<sup>th</sup> February 2025.

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

It was highlighted that nationally there was a significant backlog of unaudited local council accounts. There remained circa 600-700 sets of unaudited local authority accounts for years up to 2022-23, which were likely to be issued with 'disclaimer' opinions due to the auditors having been unable to complete audits in time before the backstop date.

It was queried by Members when a letter of representation was due to be submitted by the Council. It was explained by Officers that they would provide an update on this in due course.

Officers explained the difficulties with preparing the Council's accounts for the year 2021-22 due to cash receipting issues experienced throughout that financial year. It was reiterated that thousands of transactions were incorrectly allocated and this needed to be rectified manually. It was noted that statements for collection fund and pensions had been completed for 2020-21 to 2022-23 financial years, however, general fund account still had to be finalised for 2021-22 and 2022-23.

## **RESOLVED that**

**the External Auditor Progress Report and Sector Update be noted.**

### **35. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Progress Report was presented for Members' consideration. It was reported that the Worcestershire Internal Audit Shared Service (WIASS) had been recruiting to a post of auditor with the post due to be filled in November 2024. There was one long-term sickness within the service which was currently covered by agency staff and was hoped to be filled by the new appointee.

It was reported that the internal progress report contained new performance measures such as customer satisfaction. It was noted that at the time of report writing 118 productive days had been delivered against the full year plan of 328 days. As of the date of meeting 137 days had been delivered. A summary of internal audit progress and findings in this year to date was included in the report at table 4.

During consideration of the report the following points were discussed:

# Audit, Governance & Standards Committee

---

Thursday, 26th September, 2024

- Accounting for training / development period for new internal audit staff – It was reported that within internal audit service budgets allowances were made for productivity, including time allocated within the plan for training and development of staff versus direct work in undertaking internal audit.
- Other systems audits – It was explained that not many days out of planned budget had been delivered for other systems audits as finance audits were generally undertaken in the last two quarters of the financial year.
- Limitations – It was explained that the inclusion of a section on the 'limitations inherent in the work of internal audit' was a public sector audit standards requirement. This provided a statement of eventualities that could affect internal audit work. It was noted that urgent actions requested by internal auditors of the Council that were overdue by more than a month were specifically highlighted within reports.
- Performance Indicators for internal audit service – It was reported that the service was implementing a suite of indicators which aim to demonstrate and enhance performance of the service. It was highlighted that the productivity target, which was percentage of available time (of staff) spent on productive audit work, was 80 per cent. The figure achieved by WIASS in April 2024 was 66 per cent and the latest figure for summer 2024 was 74 per cent. It was reported that there was no overarching, consistent framework (in terms of specific targets and achievement thresholds) for measuring internal audit performance nationally.
- The Portfolio Holder for Finance reported that the move towards setting and standardising of key performance indicators was being undertaken across Council services. It was requested that the Portfolio Holder for Performance be invited to attend the next meeting of Audit, Governance and Standards Committee in reference to discussion around performance.
- Stakeholders for internal audit service – The Head of Internal Audit Service reported that key stakeholders for internal audit were customers, including sponsors of the internal audit. It was reported that a survey was sent after every audit

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

assignment and the internal audit service was receiving around 50 per cent response rate. The aim was to introduce and annual internal audit survey.

- It was explained that the Council paid internal audit service for the number of days of audit work delivered.

## **RESOLVED that**

**the Internal Audit Progress report be noted.**

### **36. INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT AND IMPROVEMENT PLAN**

A report was provided to inform the Committee of the results of the recent Internal Audit independent External Quality Assessment (EQA). It was reported that the Worcestershire Internal Audit Shared Service (WIASS) was rated as operating in General Conformance to the Standards (green rating) which was the highest of the three available grades. The Head of Internal Audit noted that to support continuous improvement an action plan (at Appendix B) had been developed to improve further standards and performance of the service.

It was noted that the External Quality Assessment (EQA) review was undertaken every five years, with the reviewer selecting a sample of audit work. The Head of Internal Audit reassured the Committee that as part of the assessment of WIASS, samples of audit work were taken from all authorities for which WIASS was providing internal audit service including Redditch Borough Council.

During consideration of the report the following points were discussed:

- Global Internal Audit Standards – It was reported that from January 2025, the Institute of Internal Auditors new global internal audit standards were due to become effective across internal audit. It was stated that these would assist with aligning risk grades across organisations, however, concerns were expressed that the new standards relied excessively on the local government risk management framework and thus implicitly on the Council's self-declared levels of risk. The Head of Internal Audit commented that evaluation on the new standards would be undertaken before they were introduced.

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

- Transparency in risk reporting and assessment at the Council – It was reported that risks were being declared in public by the Council and internal audit was currently working on assembling an ‘audit universe’ – a single list of all matters across Redditch Council that could be audited.
- Stakeholder feedback on internal audit – It was noted that in terms of communications if any points of concern were becoming apparent as a result of internal audit work, it was the aim to share these with senior management at local authorities as soon as possible.
- Risk management in the local authority sector – It was reported by the Head of Internal Audit that in terms of risk management the basics were well-embedded across local government, however, there was a large degree of variance at departmental and service levels where it was not uncommon to see out of date risk registers with actions that were not being followed up.

## **RESOLVED that**

**the External Quality Assessment and Improvement Plan of Internal Audit be noted.**

### **37. FINANCIAL SAVINGS MONITORING REPORT**

The Committee received a report on financial savings monitoring. It was reported that savings options for the 2024-25 budget were agreed at full Council in February 2024. Savings options from 2024-25 and 2023-24 savings items relating to future years had been added and were included for consideration at appendix A to the report.

The Q1 2024-25 Finance and Performance Monitoring Report was reviewed by the Executive Committee in September 2024 with the overspend of circa £164,000 at Q1. The major items of overspend related to the Council fleet of refuse vehicles, in particular to the current costs of refuse vehicle hire (currently at cost of circa £20,000 a month), and in relation to agency fees due to vacancies.

In terms of savings items, two amber items in the departmental savings were continued to require careful monitoring, relating to the Service Review relating to the Council Establishment Review and



# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

the Capacity Grid project relating to the ongoing recoupment of old Council Tax and Business Rates debt.

The largest savings item in recent years had been on pension costs which linked to the 2023 triennial revaluation. The next triennial revaluation was due to take place in 2026-27 financial year. For 2024-25 savings items, the items required careful monitoring included movement to fill the £400,000 Town Hall savings item with new tenants, delivery of the 7 per cent increase in fees and charges across Council chargeable services and the deliverability of Planning income increases.

## **RESOLVED that**

**the Q1 position on the 2024-25 Departmental Savings Programme be noted, including any potential implications for future years.**

### **38. FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON STATEMENTS OF ACCOUNTS**

The Committee was updated on the central government legislative requirements in terms of key returns that had to be submitted by the Council. It was highlighted that there was compliance on all key returns. It was reiterated that central government funding would now be allocated based on data contained in returns and thus it was imperative that the Council submitted detailed and timely returns.

It was reported that Redditch Council was owed circa £6.5 million in VAT. The Council remained in conversation with HMRC over claiming back VAT returns, however, the Council had a deadline of January 2025 to resolve this issue to be eligible to claim back the money. It was highlighted that VAT liability of Rubicon Leisure (Council's trading company) was circa £800,000.

An update was provided on the submission of prior years' Statements of Accounts. Members were reminded that the 2020-21 Accounts were presented to the Audit Committee in May for comment and had been open to public scrutiny in May 2024 – no comments were received. The 2021-22 Accounts had been prepared, however, an imbalance of circa £2 million was identified between accounts of Redditch and Bromsgrove Councils (these councils were a shared service). The imbalance needed to be rectified before the draft accounts could be presented to Members

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

and released for public inspection. It was highlighted that 2021-22 was the financial year in which the Council experienced issues with cash receipting for the whole financial year and the imbalance was a legacy of that issue.

For 2022-23 Accounts, it was proposed that an Audit Task Group be set up to meet at the end of October in order to consider the Accounts prior to release for public inspection. It was noted that this would necessitate moving the date of the next Audit, Governance and Standards Committee meeting to early December in order to provide time for public inspection to be concluded on the 2022-23 Accounts. It was highlighted that none of the accounts for 2020-21 to 2022-23 had been audited by External Auditor and the audit opinions would be submitted to the December meeting in light of the announcement of the backstop deadline by the Government, as per discussion under Minute Item No. 34 earlier in the meeting.

The Committee was asked to nominate Members to sit on the Audit Task Group. The Members nominated were Councillors Monaco, Holz, Davies and Fardoe. The nominations were seconded and on being put to the vote agreed.

## **RESOLVED that**

- 1) The Audit Task Group be established, and Councillors Claire Davies, James Fardoe, Chris Holz, and Gemma Monaco be appointed to the Audit Task Group.**
- 2) Progress on the 2020-21, 2021-22 and 2022-23 Audit processes be noted.**

## **39. RISK CHAMPION UPDATE**

The Council's Risk Champion, Councillor Kane, provided an update which recapped on the current Corporate Risks. The Risk Champion stated that Council officers had recently attended the Protective Security Briefing at which key points were highlighted to local authorities including:

- Local authorities had a legal duty to protect people using public venues under the Martyn's Law.
- The importance of 'Think before you Link' campaign, including the importance of Elected Members and Officers

# **Audit, Governance & Standards Committee**

---

Thursday, 26th September, 2024

being able to identify fake profiles online and being able to spot suspicious links.

- The risk of Planning Applications being open to cyber threats, particularly as they often contain sensitive information about a locality, including data on critical places. It was highlighted that planning application process could be made more secure as sensitive information could be easily included in a public domain.

It was highlighted by the Risk Champion the cyber security was a key risk to the Council and urged Members and Officers to actively engage to mitigate this risk. It was highlighted that the Council had successfully renewed its cyber insurance policy. In addition, KnowBe4 functionality and the associated penetration tests were assisting Members and Officers in mitigating the cyber security risk, and the recommendation made at the last Audit Committee to Mandate cyber training for elected Members would go further in mitigating against cyber risk.

**RESOLVED that**

**the Risk Champion update be noted.**

#### **40. COMMITTEE WORK PROGRAMME**

The Committee was advised that the date of the next Committee meeting, currently scheduled for 28<sup>th</sup> November 2024, would need to be rescheduled to a date in early December in order for the Committee to consider the draft Statements of Accounts for 2022-23.

Councillors would be contacted with regard to the new date in due course.

**RESOLVED that**

**the changes to the Committee's Work Programme be noted as per the preamble above.**

**Audit,  
Governance &  
Standards  
Committee**

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Thursday, 26th September, 2024

and closed at 9.03 pm