



Audit, Governance & Standards

Committee

Thu 26 Sep
2024
7.00 pm



Oakenshaw Community Centre
Castleditch Lane, Redditch, B98 7YB

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

**Town Hall, Walter Stranz Square, Redditch, B98 8AH
Tel: (01527) 64252 (Ext. 3095)
email: mateusz.sliwinski@bromsgroveandredditch.gov.uk**

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 Audit, Governance and Standards.

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, 26th September,
2024

7.00 pm

Oakenshaw Community Centre
- 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
	Claire Davies	

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 - 12)

The minutes of the meeting of Audit, Governance and Standards Committee held on 25th July 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 by 12 noon on Tuesday 24th September 2024. A maximum of 15 minutes will be allocated to public speaking.

5. Monitoring Officer's Report - Standards Regime (Pages 13 - 16)

6. Annual Review Letter of Local Government and Social Care Ombudsman (Pages 17 - 26)

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

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

Audit, Governance & Standards

Thursday, 26th September, 2024

8. Grant Thornton - External Audit Progress Report and Sector Update (Report to Follow)

The report for this item will follow in an additional papers pack.

9. Internal Audit Progress Report (Pages 27 - 40)

10. Internal Audit - External Quality Assessment and Improvement Plan (Pages 41 - 86)

11. Financial Savings Monitoring Report (Pages 87 - 94)

12. Financial Compliance Report including update on Statements of Accounts (Pages 95 - 108)

13. Risk Champion Update

14. Committee Work Programme (Pages 109 - 110)



Audit, Governance & Standards Committee

Thursday, 25th July, 2024

MINUTES

Present:

Councillor Gemma Monaco (Chair), Councillor Chris Holz (Vice-Chair) and Councillors Sachin Mathur (substitute), William Boyd, James Fardoe and Joanna Kane

Also Present:

Councillor Ian Woodall – Portfolio Holder for Finance (on Microsoft Teams)

Officers:

Peter Carpenter, Debra Goodall and Nicola Cummings

Democratic Services Officers:

M Sliwinski

16. APOLOGIES AND NAMED SUBSTITUTES

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

17. DECLARATIONS OF INTEREST

There were no declarations of interest.

18. MINUTES

The minutes of the meeting of Audit, Governance and Standards Committee held on 28th May 2024 were submitted for Members' consideration.

RESOLVED that

Chair

Audit, Governance & Standards Committee

Thursday, 25th July, 2024

the minutes of the Audit, Governance and Standards Committee meeting held on 28th May 2024 be approved as a true and correct record and signed by the Chair.

19. PUBLIC SPEAKING

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

20. DISPENSATIONS REPORT - INDIVIDUAL MEMBER DISPENSATIONS

The Individual Member Dispensations Report was submitted for Members' consideration. It was stated that the purpose of this report was for dispensations' requests submitted by individual Members, as per the table at paragraph 3.6 of the report as submitted, to be considered by Members of this Committee. Members were reminded that dispensations were granted to enable participation of Members in situations where they would otherwise be precluded from taking part. However, dispensations did not allow participation where the Member in question declared a disclosable pecuniary interest (DPI).

RESOLVED that

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

Audit, Governance & Standards Committee

Thursday, 25th July, 2024

Governance and Standards Committee following the next Borough Council Elections in 2026.

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

The Feckenham Parish Council Representatives were not present at the meeting, therefore no update was provided.

22. INTERNAL AUDIT ANNUAL REPORT & AUDIT OPINION 2023/24

The Internal Audit Annual Report for 2023-24 was presented on behalf of the Head of Worcestershire Internal Audit Shared Service. It was noted that the Head of Internal Audit provided an opinion on the Council's system of internal control environment of Reasonable Assurance which was the second highest grade. All 10 internal audit assignments in 2023-24 received at least a reasonable assurance.

In 2023-24, Internal Audit carried out a critical friend review of the key controls around the transactions and balances of the General Ledger, including accounts receivable transactions and the extent to which TechOne (the ledger system) was being used by budget managers to update their forecast outturns. The review showed positive results overall but areas in need of improvement were highlighted, especially in relation to reconciliations. It was highlighted that management were already aware of the issues. A full internal audit review of this area would be carried out later in 2024-25 financial year.

It was reported that section four of the report covered quality assurance and compliance. The Worcestershire Internal Audit Shared Service (WIASS) had received a 92 per cent satisfaction rating from 16 senior stakeholders and had undergone an independent External Quality Assessment (EQA) of its internal audit service and the services was graded as operating in General Conformance to the Standards which was the highest of the three available assessment grades. The findings of the external assessment were being used to develop a new quality assurance and improvement action plan which would be presented at the next meeting of the Committee.

RESOLVED that

Audit, Governance & Standards Committee

Thursday, 25th July, 2024

the Internal Audit Annual Report and Audit Opinion 2023-24 be noted.

23. RISK MANAGEMENT REPORT (Q1 2024-25)

The Head of Finance and Customer Services introduced the report which set out Council activity to identify, monitor and mitigate risk. It was noted that this was the eighth cycle of reviewing corporate and departmental risks since the original baselining of risks in April 2022. It was noted that risk was managed centrally through the 4Risk System and the organisational risk level had moved to a moderate assurance level from May 2023.

There were 14 corporate risks on the corporate risk register with a corporate risk relating to impact of changes to partner funding arrangements now mitigated and was no longer a corporate risk. The corporate risk relating to management of contracts had reduced from yellow to green rating, and the financial position rectification had reduced from red to amber rating due to general election now having taken place and the probability that there might be a multi-year local government finance settlement announced in November / December 2024.

There were 49 departmental risks compared to 47 in the previous reporting period. It was noted that in terms of staff non-compliance with procurement more support had been provided to managers in the form of courses which would improve budget manager skills and understanding of the TechOne system.

It was highlighted that there was an ongoing corporate red risk relating to cyber security which it was important for both Members and Officers to continually guard against the risk and engage in refresher training. It was noted that the Council did significant work to mitigate this risk including through the use of KnowBe4 phishing alert functionality to report suspicious emails and the Council had also successfully renewed its cyber security insurance.

It was further noted that in terms of Council's insurance contracts, Property information remained an issue. Insurers were now requesting significantly more detail and it would now take the Council significant time to get data to the required standard. This issue highlighted a deficiency in property data capture – which linked to the Corporate Customer Risk linked to data.

Audit, Governance & Standards Committee

Thursday, 25th July, 2024

Members were informed that the biggest risk to the Council (red graded) was in relation to the delivery of Towns Fund and UKSPF projects, in particular to the delivery of Town Hall refurbishment. In response to a question, it was confirmed that the significant risk was related to the updated plans for Town Hall refurbishment which included the decision to not relocate the library to the Town Hall.

Following the officer presentation, the following issues were discussed by Members:

- Performance data dashboard – It was confirmed that the new approach to performance monitoring was in the process of being implemented which included agreed five/six performance indicators per service area and a RAG-rated performance report being presented to Members, with the first iteration to be presented via performance monitoring reports in September / October.
- New Customer Data Integration – It was noted that the Council would be undertaking a data integration of its customer data to ensure that there was one set of consistent records across Council departments. It was noted that Government would now be allocating funding at a local level based on data and it was therefore imperative that Council's data was clear and consistent. It was highlighted that the data integration process would take several years and the Council would begin with the biggest data systems such as Civica system (for Revenue and Benefits data).
- Council's Housing Disrepair Liability – It was agreed as an action for Officers to provide the information on the Council's Housing Disrepair Liability.
- Cyber Security – Officers reported that the Council was rated highly in terms of its cyber security arrangements at the Local Government Association (LGA) conference this year, however, this was an area where improvements were always needed, especially in light of the recently reported high-profile cyber attacks at other authorities. As such, the Council was investing additional circa £30,000 a year to improve its cyber security. During the discussion of this issue, Members highlighted that whilst there were cyber security measures to assist Members, there was no requirement for Members to undertake a cyber security training. The Committee agreed that a recommendation to

Audit, Governance & Standards Committee

Thursday, 25th July, 2024

introduce a compulsory cyber security training to all Elected Members should be submitted to the Executive Committee. On being put to the vote, this recommendation was carried.

RECOMMENDED that

the Executive be asked to introduce compulsory cyber security training for all elected Members.

RESOLVED that

the present list of Corporate and Departmental Risks be noted.

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

The Head of Finance and Customer Services introduced the report and noted that in view of there being several new Members on the Committee, the Council's Budget and Policy Framework Procedure Rules, Financial Procedure Rules and Finance Protocols had been included in the agenda papers for tonight's meeting.

It was reported that the Council had submitted most of the key legislative returns to the Government, with the exception of the capital outturn return which was due to be submitted the next day (26 July) and the capital receipt where technical issues had been encountered which were being rectified before submission takes place. With respect of other returns, the Council was up to date.

An update was provided on the submission of prior years' Statements of Accounts. Members were reminded that 2020-21 Accounts were presented to Audit Committee in May for comment and were now open for public scrutiny. It was anticipated that 2021-22 Accounts draft would be produced by the end of August 2024 with the 2022-23 Accounts following in short order. It was highlighted that it was unlikely that these accounts would now be audited by the Council's current auditors, Grant Thornton, and the Council was awaiting guidance from National Audit Office and the Government on the new processes. It was expected that 2023-24 would be audited by the Council's new auditors, Bishop Fleming.

It was highlighted in terms of the accounts closure process that the Council was closing 3 years in parallel and concurrently. The accounts for 2021-22 and future years to make them easier to complete and read. In terms of reconciliations, a team of 5 was now

Audit, Governance & Standards Committee

Thursday, 25th July, 2024

working on these over all the open financial years. Balanced transactions were currently being posted into the ledger Bank Reconciliations had been reconciled although the correcting journals had not been actioned.

The Council was in the process of delivering VAT returns from HMRC for years 2022-23, 2023-24 and 2024-25. It was noted that due to previous cash receipting issues the Council had not previously 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 for those years as it was owed significant amounts of money (circa £7 million) for those years, however, the Council needed to submit claims by September in order to claim back the money.

In terms of Value for Money reports, it was noted that External Auditors delivered their joint Value for Money Opinions for 2021-22 and 2022-23 in November 2023. The Section 24 Recommendation (Section 24 Notice) was still in place and extended for Accounts years 2021-22 and 2022-23

In response to a Member question, it was clarified that as a result of the latest Public Sector Audit Appointments (PSAA) auditor appointments process, the Council was changing its external auditor from 2023-24 accounts year. It was explained that the Council was part of the PSAA structure, and the auditor appointment decisions were undertaken at that level. It was added that currently there was an uncertainty about how the audits of 2021-22 and 2022-23 accounts would be undertaken after the Council had submitted the drafts for audit. This issue was related to the wider problems across the audit sector with the 'backlog' of unaudited local authority accounts.

During discussion, a question was raised about the issue with cash receipting, and it was agreed as an action that a copy of the review undertaken on the issue by Members at Bromsgrove District Council would be circulated to new Members of this Committee.

The Portfolio Holder for Finance was invited to speak and he concurred with the Committee in thanking the whole finance team for their efforts in rectifying the issues and the backlog in the accounts.

Audit, Governance & Standards Committee

Thursday, 25th July, 2024

In relation to the resolution, it was agreed that it should read that progress had been noted on the audit process across financial years 2020-21, 2021-22 and 2022-23 rather than just 2020-21 as stated in the report.

RESOLVED that

progress on the 2020-21, 2021-22, and 2022-23 Audit process be noted.

25. RISK CHAMPION UPDATE

Councillor Kane, the Council's Risk Champion, reported that she would provide an update at the next meeting.

26. COMMITTEE WORK PROGRAMME

The Committee Work Programme was submitted for Members' consideration. It was reported that Member training would be provided prior to next meeting in September.

RESOLVED that

the Committee's Work Programme be noted.

The Meeting commenced at 7.16 pm
and closed at 8.15 pm

REDDITCH BOROUGH COUNCIL**Audit, Governance
& Standards Committee****26th September 2024****MONITORING OFFICER'S REPORT**

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

1. RECOMMENDATIONS

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

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

2. BACKGROUND

- 2.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Governance and Standards Committee since the last update provided at the meeting of the Committee in May 2024.
- 2.2 It has been proposed that a report of this nature be presented to the Committee on a quarterly basis to ensure that Members are kept updated with any relevant standards matters.
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by Parish Councils, will be reported on orally by Officers at the meeting.

3. FINANCIAL IMPLICATIONS

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

**Audit, Governance
& Standards Committee****26th September 2024**

4. LEGAL IMPLICATIONS

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

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

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

Climate Change Implications

- 5.2 There are no specific climate change implications.

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

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

Operational Implications**Member Complaints**

- 6.2 We have received one new complaint which we are currently assessing and 2 new complaints which we assessed and did not consider them to be member conduct issues.

REDDITCH BOROUGH COUNCIL**Audit, Governance
& Standards Committee****26th September 2024**

Member Support Steering Group

- 6.3 The Member Support Steering Group (MSSG) is responsible for reviewing Member training, induction and ICT support. Meetings of the MSSG are to take place throughout the 2024/25 municipal year.
- 6.4 The latest meeting of the group took place on 5th August. During the meeting, Members agreed to circulate a questionnaire requesting feedback from all Councillors about the induction process for Councillors elected in 2024. The feedback provided in completed questionnaires will be collated for the consideration of the group and will help to inform their preparation of the induction process for new Councillors due to be elected in May 2026.

Constitutional Review Working Party

- 6.5 The Constitutional Review Working Party (CRWP) is responsible for reviewing the Council's constitution and makes recommendations to full Council regarding any proposed changes to the content of the constitution.
- 6.6. The CRWP holds regular meetings throughout the year and the next scheduled meeting is due to take place in October 2024.

Member Training

- 6.7 A comprehensive programme of Member training has been put in place for elected Members following the local elections in May 2024. The training sessions that have taken place since the last meeting of this Committee or which are due to take place include:
- Chairing Skills Training – Thursday 30th May
 - Overview and Scrutiny Training (including work prioritisation session) – Monday 3rd June
 - Modern.gov app training – Monday 10th June
 - Joint Member Licensing Training (Part 1) – Thursday 6th June
 - Modern.gov app training – Monday 10th June
 - Joint Member Licensing Training (Part 2) – Tuesday 11th June
 - Mock Planning Committee meeting – Thursday 13th June
 - Mock Council meeting - Monday 17th June
 - Local Government Finance Training – Tuesday 30th July

**Audit, Governance
& Standards Committee****26th September 2024**

- Equalities Training – Thursday 5th September
- Procurement Training – Thursday 17th October
- Member Safety Training – Monday 4th November

7. RISK MANAGEMENT

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

- Risk of challenge to Council decisions; and
- Risk of complaints about elected Members.

8. APPENDICES and BACKGROUND PAPERS

No appendices.

Background Papers: Chapter 7 of the Localism Act 2011.

Audit, Governance & Standards Committee 2024

26th September

Annual Review Letter of Local Government & Social Care Ombudsman

Relevant Portfolio Holder	Councillor Joe Baker
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Report Author Nicola Cummings	Job Title: Principal Solicitor Contact email: nicola.cummings@bromsgroveandredditch.gov.uk Contact Tel: 01527 881613
Wards Affected	All
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	An effective and sustainable Council
Key Decision / Non-Key Decision	n/a
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Committee is asked to RESOLVE that, subject to Members' comments, the report be noted.

2. BACKGROUND

- 2.1 The purpose of this report is to inform the committee of the Local Government Ombudsman's Annual Review Letter, which sets out the statistics for complaints made against the Council for the period ending 31st March 2024.
- 2.2 The aim of the Annual Review Letter is to provide councils with information which will help them assess their performance in handling complaints and to learn from them.
- 2.3 For the period ending on 31 March 2024, the statistics set out in the Annual Review Letter are recorded as follows:-

Number of Complaints Received - 7

Housing	4
Corporate and Other Services	1
Benefits and Tax	1
Highways and Transport	1

Audit, Governance & Standards Committee 2024

26th September

Number of Complaints Decided - 8

Housing	5
Corporate and Other Services	1
Benefits and Tax	1
Highways and Transport	1

Of these 8 decided cases, there was only one case where the LGO upheld the complaint and found the Council to be at fault. This was in the category of Housing and related to the process for medical priority housing applications. A finding of service failure [termed 'fault'] which adversely affected the complainant [termed 'injustice'] was found here. The Ombudsman's Recommendation to remedy this was as follows:-

- That the customer be given a written apology and financial redress to reflect the distress and time and trouble taken to bring the complaint.
- That officers carry out a review of the Housing Register, policy and application process around medical priority applications and referrals to third party assessors.
- That officers implement a system of overview and scrutiny of officer's medical priority decisions via a panel of experienced service managers.
- That internal staff receive training on internal processes around complaints and reviews.
- That advocacy services be offered to all customers who want or need them for the application process

The Ombudsman found that 1 complaint did not warrant an investigation and was closed after initial inquiries; 3 complaints were referred back to the council as "premature". This means that the council had not had the opportunity to conduct its own investigation, which is a requirement before the Ombudsman will consider a complaint. In 2 cases advice was given by the LGO and the complainants signposted to the right help. The remaining complaint resulted in a finding of no fault following an investigation. This was recorded as complaint "not upheld".

- 2.4 Guidance issued by the LGO provides that where findings of maladministration/fault with regard to routine mistakes and service failures occur and the authority has agreed to remedy the complaints

**Audit, Governance &
Standards Committee
2024****26th September**

by implementing the recommendations made following the investigation, the duty to report to members is satisfactorily discharged if the Monitoring Officer makes a periodic report to members summarising the findings on upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report.

- 2.5 Only where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of fault or injustice, or the number of people affected, the LGO would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.
- 2.6 The Council continues to have a strong focus on providing good customer service and includes having processes in place to respond to complaints from customers. The Council cooperates fully with Ombudsman enquiries and investigations. There is a nominated link officer for the Ombudsman to manage their contact with the Council.
- 2.7 If Members are interested in looking at annual statistics for other authorities, this can be done through the search page on the LGO website which can be accessed using the link below:
[Your council's performance \(lgo.org.uk\)](https://lgo.org.uk)
The Annual Review Letters for all Councils are publicly available together with summaries of published decisions relating to complaints which were formally considered.
- 2.8 Since the last report on the Ombudsman's Annual Review letter in November 2023, officers have been continuing with a project to review and update the complaint handling system for the Council. That project has now almost been completed and the updated system is due to be launched in September 2024. At the time of writing this report officers are carrying out training sessions for staff. From a customer perspective the existing channels for reporting complaints will remain in place; the majority of the changes relate to the process staff will follow to allocate, respond to and document complaints. It is anticipated that the changes will allow for CMT and managers to have a better oversight of complaints. The LGO guidance on complaint handling was taken into consideration by officers implementing the changes and once the system is up and running the updated complaint handling process will be available for members of the public on the Council's website.

3. FINANCIAL IMPLICATIONS

**Audit, Governance &
Standards Committee
2024****26th September**

3.1 There are no direct financial implications as a result of this report.

4. LEGAL IMPLICATIONS

4.1 The Local Government Ombudsman powers are contained in the Local Government Act 1974 as amended by the Local Government and Public Involvement in Health Act 2007.

The main activity of the LGO is the investigation of complaints, which are limited to complaints from members of the public.

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

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

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

6.1 In terms of customer implications, providing good customer service is of significant importance to the Council and the statistics in the review will assist officers in the monitoring of complaint handling and resolution.

Operational Implications

6.2 See answer to 6.1

7. RISK MANAGEMENT

7.1 The main risks associated with the details included in this report are those linked to poor standards of complaint handling. The effects of not handling complaints efficiently can include poor customer service, increased customer dissatisfaction, increased numbers of complaints and damage to the Council's reputation.

**Audit, Governance &
Standards Committee
2024****26th September**

7.2 These risks are being managed through the Council's Customer services strategy which aims to promote good customer service throughout the Council and includes a defined procedure for responding to complaints before they reach the stage of being referred to the Ombudsman. As noted at paragraph 2.8 above, the Council's Complaint Handling Process has been reviewed and updated during 2024.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 Annual Review Letter 2024

**Audit, Governance &
Standards Committee
2024**

26th September

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Joe Baker	16/09/2024
Lead Director / Head of Service	Claire Felton	16/09/2024
Financial Services	Pete Carpenter	13/09/2024
Legal Services	Nicola Cummings	13/09/2024
Policy Team (if equalities implications apply)	n/a	
Climate Change Officer (if climate change implications apply)	n/a	

17 July 2024

By email

Ms Hanley
Interim Chief Executive
Redditch Borough Council

Dear Ms Hanley

Annual Review letter 2023-24

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2024. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to ensure effective ownership and oversight of complaint outcomes, which offer valuable opportunities to learn and improve. In addition, this year, we have encouraged Monitoring Officers to register to receive the letter directly, supporting their role to report the decisions we uphold to their council.

For most of the reporting year, Paul Najsarek steered the organisation during his tenure as interim Ombudsman, and I was delighted to take up the role of Ombudsman in February 2024. I look forward to working with you and colleagues across the local government sector to ensure we continue to harness the value of individual complaints and drive and promote systemic change and improvement across the local government landscape.

While I know this ambition will align with your own, I am aware of the difficult financial circumstances and service demands that make continuous improvement a challenging focus for the sector. However, we will continue to hold organisations to account through our investigations and recommend proportionate actions to remedy injustice. Despite the challenges, I have great confidence that you recognise the valuable contribution and insight complaints, and their swift resolution, offer to improve services for the public.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic. This year, we also provide the number of upheld complaints per 100,000 population.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and give credit to organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 24 July 2024. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

In February, following a period of consultation, we launched the [Complaint Handling Code](#) for councils, setting out a clear process for responding to complaints effectively and fairly. It is aligned with the Code issued to housing authorities and landlords by the Housing Ombudsman Service and we encourage you to adopt the Code without undue delay. Twenty councils have volunteered to take part in an implementation pilot over the next two years that will develop further guidance and best practice.

The Code is issued to councils under our powers to provide guidance about good administrative practice. We expect councils to carefully consider the Code when developing policies and procedures and will begin considering it as part of our processes from April 2026 at the earliest.

The Code is considered good practice for all organisations we investigate (except where there are statutory complaint handling processes in place), and we may decide to issue it as guidance to other organisations in future.

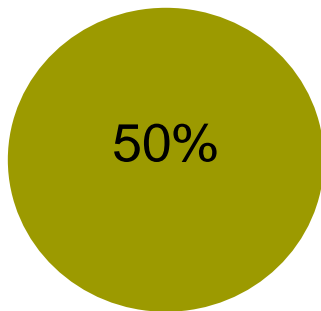
Our successful complaint handling training programme continues to develop with new modules in Adult Social Care and Children's Services complaint handling available soon. All our courses include practical interactive workshops that help participants develop their complaint handling skills. We delivered 126 online workshops during the year, reaching more than 1,700 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

Returning to the theme of continuous improvement, we recognise the importance of reflecting on our own performance. With that in mind I encourage you to share your view of our organisation via this survey: <https://www.smartsurvey.co.uk/s/ombudsman/>. Your responses will help us to assess our impact and improve our offer to you. We want to gather a range of views and welcome multiple responses from organisations, so please do share the link with relevant colleagues.

Yours sincerely,

Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



50% of complaints we investigated were upheld.

This compares to an average of **63%** in similar organisations.

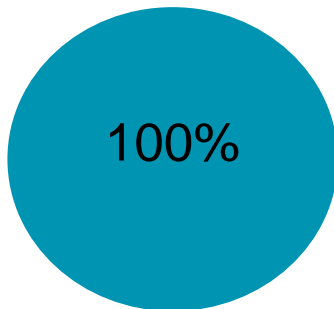
1
upheld decision

This is 1.1 upheld decisions per 100,000 residents.

The average for authorities of this type is 1.2 upheld decisions per 100,000 residents.

Statistics are based on a total of **2** investigations for the period between 1 April 2023 to 31 March 2024

Compliance with Ombudsman recommendations



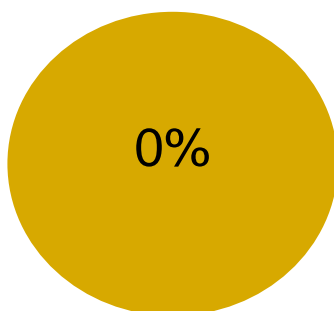
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **1** compliance outcome for the period between 1 April 2023 to 31 March 2024

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **0%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **21%** in similar organisations.

0
satisfactory remedy decisions

Statistics are based on a total of **1** upheld decision for the period between 1 April 2023 to 31 March 2024

This page is intentionally left blank

INTERNAL AUDIT PROGRESS REPORT 2024/25

Relevant Portfolio Holder	Cllr Ian Woodall
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, S151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: chris.green@worchester.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 purpose of this report is to provide an update of Internal Audit's progress towards meeting its objectives in the audit plan for 2024/25 as approved by the Audit and Governance Committee on 28th May 2024.
- 2.2 The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:
- The Council's assets and interests are safeguarded;
 - Reliable records are maintained;
 - Council policies, procedures and directives are adhered to; and
 - Services are delivered in an efficient, effective and economic manner

- 2.3 The Internal Audit plan for 2024/25 was approved by the Audit, Governance and Standards Committee on 28th May 2024. Progress against delivery of that plan is set out at Appendix A. The plan is on track to be delivered.
- 2.4 The Public Sector Internal Audit Standards require that any significant changes to the internal audit plan must be approved by the Audit Committee. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation. There are no proposed amendments to the internal audit plan at this time.

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 There are no climate change implications arising from this report.

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

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

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

8. APPENDICES and BACKGROUND PAPERS

Appendix A ~ Internal Audit Progress Report.

This page is intentionally left blank



INTERNAL AUDIT PROGRESS REPORT

Date: September 2024



1. Background

- 1.1 The Council is responsible for maintaining or procuring an adequate and effective internal audit function under the Accounts and Audit (England) Regulations 2018.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit, Governance and Standards Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the team.

2. Performance

2.1 *Will the Internal Audit Plan be delivered?*

The position at the time of writing this report is as follows:

- 7 assignments are in progress;
 - 3 assignments are at the planning stage; and
 - 9 assignments have not yet been started.
- 2.2 Further to the update provided at the last Committee meeting, both Senior Auditors have been successfully appointed and are settling into their roles. The vacant Auditor position created by an internal promotion has been advertised and there has been a high level of interest. There is a case of long-term sickness absence in the team; the impacts of this are being managed through extension of an agency contract. At this stage, assuming successful recruitment to the vacant Auditor post, adequate resources are in place to deliver the Internal Audit Plan.



□

2.3 **Performance Indicators**

The service is implementing a suite of indicators which aim to demonstrate and enhance performance. Each individual member of staff has an agreed target to deliver 90% of their own work plan by the end of March each year. In addition, the following performance indicators have been established and the results will be included in the annual report for 2024/25:

Description	Narrative	Target
Delivery	% of audit days delivered by Year End	90%
Productivity	% of available time spent on productive audit work	80%
Effectiveness	% of agreed recommendations implemented by the target date	75%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%

2.4 **Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?**

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control, Governance and Risk Management framework for 2024/25.

2.5 **Are clients progressing audit recommendations with appropriate urgency?**

At the time of writing there are no reports that have reached final assessment stage but there are no concerns arising from work to date to report. There are 25 outstanding internal audit recommendations; however, none of these are overdue.



3. Internal audit opinions and prioritisation of recommendations

- 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 1 – 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:



Table 2 - 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.



4. Internal Audit delivery

- 4.1 At the time of report writing 118 productive days had been delivered against the full year plan of 328 days. Adequate resources are in place to deliver the plan, subject to successful recruitment to the vacant Auditor post.

Table 3 - Summary of Days Delivered for 2024/25

Summary of Audit Areas	Plan Budget	Days Delivered as at 31/08/2024
Core Financial Systems	78	34
Corporate Work	84	41
Other systems audits	140	33
Sub total	302	108
Support Budgets including reading, audit management meetings, corporate meetings, annual plans, reports and Audit Committee Support.	26	10
Sub total	26	10
Total Audit Days	328	118

The following table shows the status of each assignment in the annual plan, the budget in days, and the anticipated reporting date. This table will also summarise the findings of each of the audits as they are completed. The table is designed to assist members in building up a picture of the assurance being provided during the course of the year.

Table 4 – Summary of Internal Audit progress and findings, year to date

<u>Audit Area</u>	<u>Budget (Days)</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Accounts Payable	10	Fieldwork in Progress	October 2024	TBC	
Council Tax	10	Fieldwork in Progress	November 2024	TBC	
Benefits	15	Fieldwork in Progress	December 2024	TBC	
NNDR	10	Fieldwork in Progress	November 2024	TBC	
General Ledger	15	Not Yet Started	March 2025		
Risk Management Embedding	10	Fieldwork in Progress	October 2024	TBC	
Cyber & Data Security including Disaster Recovery	12	Not Yet Started	January 2025		
Workforce Planning	10	Not Yet Started	January 2025		Consultancy review, examining arrangements for delivery of the 82-point plan and comparison with other local authorities.
Insurance	15	Planning	December 2024		Including review of claims prevention & mgmt, and the strategic approach to minimising the costs of cover.

<u>Audit Area</u>	<u>Budget (Days)</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Constitution Compliance – Decision Making	12	Not Yet Started	March 2025		Assurance that decisions made by Officers are in accordance with the Constitution & Scheme of Delegation.
Business Continuity and Emergency Planning	12	Not Yet Started	March 2025		
Fraud Investigations and NFI	10	Work in Progress	N/A	N/A	
Statements of Internal Control	4	Not Yet Started	N/A	N/A	
Bus Operators' Grant	6	Planning	December 2024		
Statutory Inspections	12	Not Yet Started	January 2025		
Corporate Credit Cards including Petty Cash	15	Not Yet Started	February 2025		
Housing Repairs	20	Planning	December 2024		To include assurance that the new scheduling system is operating efficiently and effectively.
HR Processes	12	Not Yet Started	March 2025		
Follow up of Recommendations	15	Fieldwork in Progress	March 2025	TBC	



5. Limitations inherent in 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.

This page is intentionally left blank

INTERNAL AUDIT – EXTERNAL QUALITY ASSESSMENT AND IMPROVEMENT PLAN

Relevant Portfolio Holder	Cllr Ian Woodall
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, S151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: 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 purpose of this report is to inform members of the results of the recent Internal Audit independent External Quality Assessment (EQA) and associated Quality Assurance and Improvement Policy and Plans.
- 2.2 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.
- 2.3 The objectives of the Standards are to:
- Define the nature of internal auditing within the public sector; and
 - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.

- 2.4 The Standards require that an independent External Quality Assessment (EQA) of the internal audit 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 (included at Appendix A) have been used to develop a continuous improvement action plan (included at Appendix B).
- 2.5 To support continued improvement against this positive outcome, a new Quality Assurance and Improvement Policy has also been developed, and this is included at Appendix C. This:
- Sets out required service standards
 - Will help to ensure compliance with those standards
 - Provides assurance to stakeholders that sound arrangements are in place to ensure internal audit work is of good quality and that the service is striving for continuous improvement
 - Provides a framework against which service performance can be evaluated
 - Meets the recommendations of the EQA

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 There are no climate change implications arising from this report.

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

There are no risks arising directly from this report.

8. APPENDICES and BACKGROUND PAPERS

Appendix A ~ External Quality Assessment Executive Report

Appendix B ~ WIASS Improvement Plan

Appendix C ~ Quality Assurance and Improvement Policy.

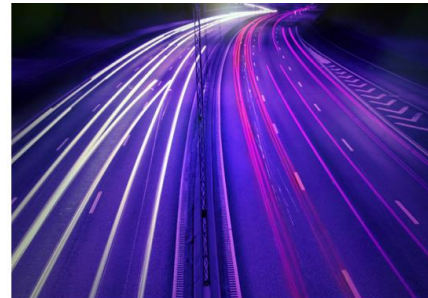
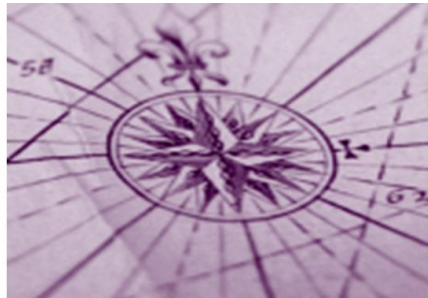
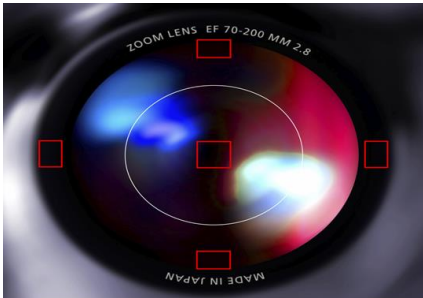
This page is intentionally left blank



External Quality Assessment

Internal Audit Shared Services

Executive report – May 2024



Contents

Opinion	3
Executive summary	4
Summary of good practice	7
Part one	
• Compliance with the Public Sector Internal Audit Standards - Findings and recommendations	8
Part two	
• Suggestions for enhancement of internal audit services	19
Part three	
• Benchmarking	22
Appendices	25

External Quality Assessment

Worcestershire Internal Audit Shared Services

BUSINESS
RISK
SOLUTIONS

Opinion: The Worcestershire Internal Audit Shared Services is delivering to a standard that **generally conforms** with the Public Sector Internal Audit Standards.

Key matters arising from the review:

- Increasing integration of the use by internal audit of risk-based techniques with the risk impact definitions of the client particularly in terms of planning at a strategic and engagement level would be mutually beneficial,
- Enhance focus on identifying Managements Objectives within the scope of the engagement and recognition of stakeholder expectations, as this would enable better focus on significant risk.
- Consideration should be given to the revision of the basis for expressing internal audit recommendations and opinions in line with risk impact definitions recognised by clients within risk management policies.
- Review the narrative used within the Audit Charter and the Annual Opinion in the Head of Internal Audit Annual Report to reflect continuous planning and knowledge of both significant risks and other sources of assurance that are available and upon which reliance has been placed.
- Develop Assurance mapping.

Good Practice identified during the review

- An Internal Audit Charter setting out the role and responsibilities of Internal Audit is supported by a detailed Internal Audit Manual which guides delivery and establishes the basis of the Internal Audit Annual Opinion.
- The service has developed a documented internal audit methodology and supporting templates that delivers and evidences its service although some inconsistencies have been observed.
- Robust communication protocols exist throughout internal audit delivery, recent initiatives to discuss future delivery have been well received.
- Routine reporting informs clients and the Audit Committees regarding progress in terms of the completion of the internal audit plan, findings and the follow up of recommendations.
- The Team receives favourable feedback from clients who are appreciative of the approachable, flexible and client focused support that is provided. Some feedback has been received through the client survey within the EQA which may help focus engagement expectations and communication in future.

Worcester Shared Services Internal Audit Services (WIASS) is delivered by an in-house team comprising of 8.5 FTE staff; a series of vacancies has been experienced, and external support engaged. Two vacancies remained at a Senior Auditor level during the EQA have now been filled. Staffing resources, although managed, has had the potential to impact on the team's ability to deliver services in accordance with plans. The team has been managed by an Interim Head of Internal Audit during the latter part of 2023/24. Internal Audit works in a hybrid manner, with visits to client locations on an as required basis.

Services are managed by Chris Green, as Head of Internal Audit, who assumes the role of Chief Audit Executive (CAE) for the purposes of this review recognising that he joined the team in March 2024.

WIASS has responded to the changes of focus in professional standards by continuing to develop a risk-based approach with regard to planning and the completion of assignment work. This utilises client Risk Management Frameworks, where possible, as a basis for categorising risks, within which the team identifies what it considers to be the risks to be subject to review in consultation with management. The Internal Audit Charter is updated annually, and the Internal Audit Manual has been updated in March 2023 to reflect the requirements of the Public Sector Internal Audit Standards (PSIAS), further review will be required in 2024 following the new Global Standards for Internal Audit (GIAS) by the Institute of Internal Auditors.

From an internal audit perspective, considerable advantage is to be gained from increasing recognition of each client's Risk Management processes and the effectiveness with which they operate. The degree to which risk registers identify and articulate significant risks and those key controls which management feel reduce risk to an acceptable level (risk appetite) appears variable, and consequently planning is heavily dependent on discussions with management throughout planning phases. Alignment of internal audit definitions relating to recommendations and opinions should be more closely aligned with each client's risk impact definitions.

It would be beneficial for WIASS to identify 'managements objectives' in each review area (rather than audit objectives) and arising from which recognition of what constitutes 'significant risk', this will enable internal audit plans and assignments to focus on what matters most; the value of considering 'Control Risk' and thereby increasingly the most significant issues would enhance the assurance provided. Increased recognition of assurance including other independent sources would lead to a more comprehensive assurance framework, therefore supporting an Annual Assurance Opinion in relation to risk, governance and control and increasing alignment with the Annual Governance Statement.

Current services are assessed to '**generally conform**' with the PSIAS standards, aspects of which compare favourably within the sector and wider provision. A series of specific recommendations are made in the report that follows to reflect building on the existing strengths in relation to resources, competency and delivery in order to enhance future services. A number of suggestions for service enhancement have also been made, these are based upon both sector and other professional experience as well as knowledge of anticipated changes in the proposed new Global Internal Audit Standards.

Basis for overall opinion

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

Source: Institute of Internal Auditors (2016)

Overall assessment

1	RESOURCES		Excelling – Processes in this area are embedded within every-day practices and mostly reflect best practice that is consistent with PSIAS expectations.
2	COMPETENCY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where a more consistent approach and further development would be beneficial.
3	DELIVERY		Established – Processes in this area are embedded within every-day practices and mostly reflect best practice that is consistent with PSIAS expectations. A number of areas exist where further consistency or development is required.

Summary of good practice identified within EQA

Standard	Good practice identified	Observation
1000	An Internal Audit Charter has been established and approved by the Audit and Governance Committee (AGC) or its equivalent in all clients.	The combination of the Charter and the Internal Audit Manual is comprehensive and establishes an appropriate framework against which internal audit services can be delivered in accordance with the PSIAS. Delivery expectations have been agreed with management and the Shared Service Board.
1100	Independence and objectivity	A process is in place regarding the identification and management of potential conflicts and/or declarations of interest.
1311	The service has conducted internal assessment exercises regarding its performance.	Performance review is embedded within quality control procedures and supported by a staff appraisals process and client feedback which identifies and supports performance development needs.
2020	Active engagement at Member and management level	Represents the establishment of a good understanding of key issues through routine interaction with management at all levels and Members.
2030	The need for appropriate internal audit resources has been recognised.	The concept of continuing to develop an in-house team supported by an external resources provides for both sufficient resources and those of a technical or specialist nature.
2060	Reports are produced using a standard format which is consistently applied. Customer feedback is routinely requested.	Demonstration of a consistent approach to communication which is well received by management and the AGSC – effective follow-up using automated software ensures issues are not lost.
2300	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.	Effective supervision and review of progress ensures a consistent approach and delivery of the approved methodology.
2400	Internal auditors must communicate results of engagements.	The internal audit team routinely conducts exit meetings with clients regarding the findings emerging from engagements.

Part one



Compliance with the Public Sector Internal Audit Standards

Business Vision and Mission, Governance arrangements, Recognition of standards, Charter, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

	Issue identified	Recommended action
1.	<p>Internal Audit Charter (IAC) The IAC para 5.1 states “a risk based audit plan forecasting which of the Partner’s activities are due to receive audit attention in the next 12 months. The risk based plan will take into consideration a number of risk factors including corporate risk register, service risk register, local knowledge, corporate promises or objectives, key strategic documents e.g. five year plan and any external audit guidance.”.</p> <p>Whilst compliant with the PSIAS, alignment with the requirement to provide an annual opinion on governance, risk and control would provide a more robust basis for continuity of assurance within the Head of Internal Audit Annual report.</p>	<p>Consider the value of including a statement to align the continuous development of internal audit plans with the provision of an annual opinion reflecting the changing risk environment in which each client operates and where independent assurance from internal audit is designed to support the Annual Governance Statement.</p> <p style="text-align: right;">PSIAS 1000</p>
2.	<p>Quality Assurance Improvement Program (QAIP) WIASS has developed quality assurance processes which contribute towards maintaining and evidencing appropriate review of the delivery of a quality service and support for staff development. This has not been developed into a formal QAIP as outlined within the standards.</p>	<p>Consider introducing a formal QAIP policy which incorporates all elements of quality assurance including client feedback and appropriate key performance indicators agreed with clients.</p> <p>Include a more detailed statement in the Head of Internal Audit Annual Report in which:</p> <ol style="list-style-type: none"> 1. Confirmation that all measures contained in the process have been completed, and 2. How any significant deviations or development needs will be resolved, <p style="text-align: right;">PSIAS 1300</p>

	Issue identified	Recommended action
3.	<p>Key Performance Indicators (KPI's) WIASS monitors a range of performance issues relating to delivery of the internal audit plan and resulting outcomes, including completion, categorisation of recommendations and follow-up.</p> <p>This is supported by a request for client feedback following completion of each audit.</p>	<p>Consider introducing a limited set of formal KPI's based on quantitative and qualitative data to support the QAIP process referred to above. This may include details of:</p> <ol style="list-style-type: none"> 1. Training days completed 2. High level recommendations identified, accepted and implemented on a timely basis. <p>Such detail will then provide further evidence regarding conformity with the PSIAS.</p> <p style="text-align: right;">PSIAS 1321</p>
4.	<p>Skills Audit The CAE has identified that a Skills Audit would be beneficial in order to consider future training and development needs. It would be beneficial to further develop this approach within strategic audit planning processes to consider whether assurance needs within the three-year planning horizon require additional training in advance of need. An annual £5k budget has been provided to address any needs identified.</p>	<p>In addition to assessing current skills against the IIA Skills Matrix it would be beneficial to consider anticipated client assurance needs in order to develop training plans to match future delivery expectations.</p> <p style="text-align: right;">PSIAS 1230</p>

	Issue identified	Recommended action
1.	<p>Audit Universe A stated previously, the current internal audit planning model is based on a risk assessment, identifying business objectives, key risks impacting those objectives and taking into consideration input from management and other key stakeholders</p> <p>Further development of this approach based upon the client's view of significant risk at both a strategic and operational level would enhance internal audits' ability to demonstrate a commitment to helping each client achieve its objectives .</p>	<p>It would be beneficial to increasingly align development of the internal audit planning system with the Councils risk management processes in order to ensure that resources were consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which the Council is exposed at an inherent level.</p> <p>Enhancement of risk management processes to identify inherent and residual risk, as well as existing controls, available assurance and further mitigating actions would be beneficial to internal audit delivery.</p> <p>Global Internal Audit Standards are anticipated to increasingly call for alignment of risk registers with the internal audit universe.</p> <p style="text-align: right;">PSIAS 2000/2010</p>
2.	<p>Governance The standards require the CAE to provide an annual opinion regarding the effectiveness of governance arrangements, which is recognised within the IAC.</p> <p>Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.</p>	<p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to further map internal audit activity to the content of the Code within the Internal Audit Planning process in order to provide assurance at a level which contributes directly to the Annual Governance Statement through the Head of Internal Audit Annual Report.</p> <p>Consider extending the explanation regarding the internal auditor's responsibility regarding assurance on Governance processes in the introduction of the IAC to define how the opinion is derived in practice.</p> <p style="text-align: right;">PSIAS 2110</p>

Competency continued

	Issue identified	Recommended action
3.	<p>Assurance mapping</p> <p>The IAC (s.5.1d) recognises the need for internal audit to comment ‘ the assurance methodology adopted’. This is consistent within expectations within PSIAS.</p> <p>Internal Audit practice currently also identifies key controls and sources of assurance at an operational level, although this is not formally recognised, it is a function required of internal audit within PSIAS 2050 when planning internal audit activity.</p>	<p>Consider developing the internal audit methodology by formally documenting the sources of assurance available to internal audit within each engagement as part of routine processes. Assurances maybe both internal and external.</p> <p>Use the accumulated knowledge gained to support the Annual Assurance opinion in the Head of Internal Audit’s Annual Report as is likely to be required by the new GIAS.</p> <p style="text-align: right;">PSIAS 2050</p>
4.	<p>Management Objectives</p> <p>Current WIASS practice is to define ‘Objectives and Scope’ within the Planning document and Audit Brief for an engagement. These are then supported by an analysis of areas for review and associated risks.</p> <p>The risks identified within documentation are not consistent.</p> <p>Consideration of ‘Managements Objectives’ is required by PSIAS 2201 as this is likely to support a better understanding of the area to be reviewed along with a focus on the significant risks to the achievement of the stated objectives as agreed with management.</p>	<p>Review the terminology used within templates to reflect Management’s Objectives within the area for review. Consequently, base identification and discussion of risks in relating to the achievement of the agreed objectives.</p> <p>It would be beneficial to list all risks within the planning document and then refine these on the Audit Brief to reflect those of a significant’ nature which will then become the focus for assurance.</p> <p>Consider introducing a ‘Heat Map’ process to determine which are significant risks (as defined within the client’s Risk Impact and Likelihood gradings) to agree those which will become the scope of the review.</p> <p style="text-align: right;">PSIAS 2201</p>

Competency continued

	Issue identified	Recommended action
5.	<p>Fraud Risk Current practice is to include an analysis of any identified fraud risks within the Planning and Audit Brief documentation.</p> <p>This practice is inconsistent and does not provide for all fraud risks to be considered.</p> <p>Some clients have conducted a Fraud Risk Analysis and participate in the National Fraud Initiative (NFI).</p>	<p>Whilst identification of fraud risk should be a routine consideration within each review, ensure that identification is comprehensive and is aligned with client risk appetite regarding its significance along with all other risks.</p> <p style="text-align: right;">PSIAS 2210 A2</p>
6.	<p>Financial systems review Demonstration of compliance with the CIPFA Code of Financial Management provides assurance relating to the minimum standards of financial management in Local Authorities.</p> <p>Recognition of assurance available or otherwise within the annual process should inform internal audit planning and assurance reporting needs.</p> <p>There is a tendency for internal audit plans to focus on financial aspects rather than the wider strategic or operational environment and associated risks.</p>	<p>Internal Audit planning should consider the degree to which reported compliance with the Code can be relied upon for assurance purposes and as a consequence allocate resources to review areas where additional independent assurance is required and therefore beneficial regarding significant risk exposure.</p> <p style="text-align: right;">PSIAS 2010</p>

Competency continued

Issue identified	Recommended action
<p>7. Engagement Planning – Control Risk</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS, the process largely depends upon discussions with the management in pre-audit meetings and the maturity of the current risk management processes.</p> <p>The degree to which the internal audit methodology allows a focus on “Significant”, as opposed to covering ‘other risks’ is determined by each auditor and their supervisor.</p> <p>The ability of the internal audit team to target areas of greatest potential risk exposure which threaten achievement of Council objectives at a Strategic or Operational level may be better informed through recognition of risk at inherent and residual (current) levels, although it is recognised that this may not be readily identified in all risk management processes.</p> <p>Inherent risk can beneficially be used within planning of reviews, whereas residual risk becomes more relevant following completion of the review which should assess the adequacy and effectiveness of the control framework. The use and understanding of this process will introduce the concept of ‘Control Risk’ to the ECIAAS delivery and should help identify areas where internal audit assurance maybe most beneficial. .</p>	<p>Engagements should be increasingly constructed to reflect significant risks and aligned to Risk Impact definitions within the Risk Management Strategy. This will ensure standard recognition of terminology throughout the Council.</p> <p>Assessment of ‘Control Risk’ in relation to the achievement of Management Objectives would focus reviews upon:</p> <ul style="list-style-type: none"> • Those risks where the assessment is that the combined impact/likelihood score has decreased most and where if assumptions are incorrect critical business risk exposure may exist, • Risks where the value of ‘Control Risk’ is limited or zero and as a result suggesting the controls may be insufficient or ineffective, and • Key Controls (rather than a wider view of all controls which may have little impact on risk reduction or the achievement of business objectives). <p>By focusing on Management Objectives, significant risks and key controls there may be efficiencies to be gained within assignments through targeting resources to issues of greatest importance or concern.</p> <p style="text-align: right;">PSIAS 2201</p>

Issue identified

Recommended action

6. Grading of recommendations

The grading of recommendations currently represents 'an assessment of weakness relating to the system objectives' identified within an engagement, without directly reflecting the significant risk as defined in client risk management systems at a recommendation or overall opinion level.

As stated earlier a significant feature of the PSIAS is a focus on significant risk and therefore aligning internal audit terminology with 'client speak' in terms of risk impact definitions may improve communication regarding findings, recommendations and opinions. It would be beneficial to align future grading of recommendations with those impact definitions used within the client risk management process. That for Worcester City Council is shown below:

Definition of Audit Opinion Levels of Assurance

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

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.

The Internal Audit Team currently grades recommendations at three levels of priority High, Medium and Low, which may be better described as risk rather than priority levels as this emphasises timing rather than risk exposure.

We believe the profession is generally moving towards use of a three-tier opinion structure.

Impact definitions

Tolerable Risk (1-3)	Significant Risk (4-6)	Unacceptable Risk (7-9)
Low	Medium	High
1. No significant disruption to service capability	1. Short to medium term disruption to service capability.	1. Short to medium term loss of service capability
2. Unlikely to cause any adverse publicity	2. Needs careful public relations management	2. Adverse local publicity, potential for embarrassment nationally
3. No more than 6 people involved	3. Up to 40 people involved	3. More than 40 people involved
4. Unlikely to cause complaint/ litigation	4. High potential for complaint, litigation possible	4. Strong possibility of litigation
5. Financial loss below £10,000	5. Financial loss between £10,000 and £250,000	5. Financial loss in excess of £250,000
6. Breaches of local procedures/ standards	6. Breaches of regulations/ national standards	6. Breaches of law punishable by fines and/or imprisonment

Although not as developed as elsewhere in the sector, this would assist in both agreeing the specific risk focus of each engagement as well in assessing the relative importance of findings at the exit meeting, grading recommendations and in providing an opinion within assurance reports. Examples of other LA risk impact definitions have been provided.

Expand and explain the manner in which recommendations and the link to deriving an opinion in the IA Manual and in relation to the stated to the existing Priority/Assurance Matrices

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

	Issue identified	Recommended action
1.	<p>Engagement documentation</p> <p>A standard process for the conduct of engagements is in place and is outlined in the Internal Audit Manual.</p> <p>This includes the use of a series of templates at planning, fieldwork and reporting stages.</p> <p>Inconsistencies exist within the sample of audit files reviewed regarding:</p> <ul style="list-style-type: none"> a) Interpretation of risk b) Evidencing supervision particularly at draft and final report stages c) Recording of client communication d) Recording feedback at Clearance meetings, and e) Presentation of findings at Clearance meetings 	<p>On completion of current recruitment, organise a appropriate training to:</p> <ul style="list-style-type: none"> a) Induct new staff b) Ensure a consistent approach by all staff to all client engagements, and c) Demonstrate consistent application of the approved practices within annual self-assessment and QAIP processes. <p>Delivery of approach must be evidenced before use of the statement that delivery is consistent with the PSIAS.</p> <p style="text-align: right;">PSIAS 2040/1321</p>
2.	<p>Risk Management opinion</p> <p>The IAC (para 2.3) recognises the need for the CAE to provide assurance regarding risk management processes.</p> <p>WIASS has reviewed risk management in accordance with the PSIAS and this supports the opinion provided in the Annual Report.</p> <p>The opinion relating to risk management is achieved by consideration of both review of the process at a strategic level and supported by conclusions reached within individual engagements.</p>	<p>It would be beneficial to support the opinion by adding further clarification in the either the IAC or the Annual Report as to how in practice this is achieved, thereby also demonstrating the independence of the CAE.</p> <p style="text-align: right;">PSIAS 2120</p>

	Issue identified	Recommended action
3.	<p>Release of draft and final reports File review identified delays in the clearance of reports which may arise due to:</p> <ul style="list-style-type: none"> a) Failure of management to respond to recommendations, b) Staff absence within either WIASS or the client, or c) WIASS staff having been allocated too many audits at a particular time (identified in self-assessment). <p>Quality standards in relation to the release of reports are recognised within the IAC para 5.6.</p> <p>Timely delivery of reports represents an essential feature of the provision of assurance and ensuring that appropriate remedial action is undertaken by management.</p> <p>The IAC includes reference to remedies where management fail to respond to draft reports.</p>	<p>Consider:</p> <ul style="list-style-type: none"> a) Including planned dates in the Annual Internal Audit Plan regarding the date at which the final report outcomes will be presented to the Audit and Governance Committee. b) Inclusion of recommendations graded as 'High' in risk registers as soon as these are observed. c) Enforcing para 5.7 of the IAC when appropriate and recording of the issue within progress reports to the Audit and Governance Committee. <p style="text-align: right;">PSIAS 2450</p>
4.		



	Issue identified	Recommended action
5.	<p>HoIA Annual Report</p> <p>The terminology used by the CAE to express an Annual Opinion is understated as this currently reflects assurance regarding risk management, governance and control in relation only to the work of the internal audit team in the current year.</p> <p>The report identifies risks or areas of concern that have been identified during the year rather than a wider commentary on the risks facing the client, the knowledge of the CAE and the other assurance sources that are available.</p> <p>A summary of the outcomes of processes that might constitute the QAIP is not included.</p>	<p>In practice the opinion is based upon a much broader knowledge of the client, gained through previous years programmes and that gained within and provided for within the internal planning cycle, including discussions with management and reference to risk management processes.</p> <p>It would be good practice to support a comprehensive assurance opinion in relation to risk management, governance and control with broader reference to significant risks and other sources of assurance that are available, including reference to those within the risk management process and any future assurance mapping objectives.</p> <p>In this form, the opinion would also better align with the required content of the Annual Governance Statement.</p> <p>Planning for continuous assurance over a defined period rather than on the basis of a single years' plan was reflected in R1.</p> <p style="text-align: right;">PSIAS 2060/2450</p>

Part two

Suggested enhancements for consideration

Comments in this section relate to matters where either:

1. Current processes would benefit from adopting best practice seen elsewhere in the delivery of internal audit services and where it is felt these would be beneficial to delivery, and/or
2. The new Global Internal Audit Standards, which apply from 1 April 2025, will require enhancement of existing processes in order to demonstrate compliance.

Suggested Enhancements for consideration

	Issue identified	Recommended action
1.	<p>Client surveys</p> <p>Progress has been made in obtaining verbal feedback from clients following each audit engagement, although formal feedback using a questionnaire has been variable.</p> <p>This experience is consistent with other sector experience.</p> <p>The survey conducted within the EQA achieved a 58% response rate which is broadly in accordance the sector norm of 60-70%,</p>	<p>Internal Audit may find it useful to implement an approach now being used by other teams which provides for:</p> <ol style="list-style-type: none"> 1. Issue of the digital form to the relevant client manager following and engagement within the draft report, and 2. Support the feedback gained with an annual survey to Senior Client Managers. <p>In this way feedback may be directed toward different aspects of the provision of internal audit service as well as seen as more relevant, as a result encouraging increased participation which can be included in the QAIP process.</p> <p style="text-align: right;">PSIAS 2000</p>
2.	<p>Head of Assurance – Performance Development</p> <p>The s151 Officer at Worcester City Council conducts the annual Performance and Development review for the Head of Assurance with informal input from clients.</p>	<p>Consider incorporating more formal input from key client officers and Audit Committee Chairs.</p> <p style="text-align: right;">PSIAS 1100</p>

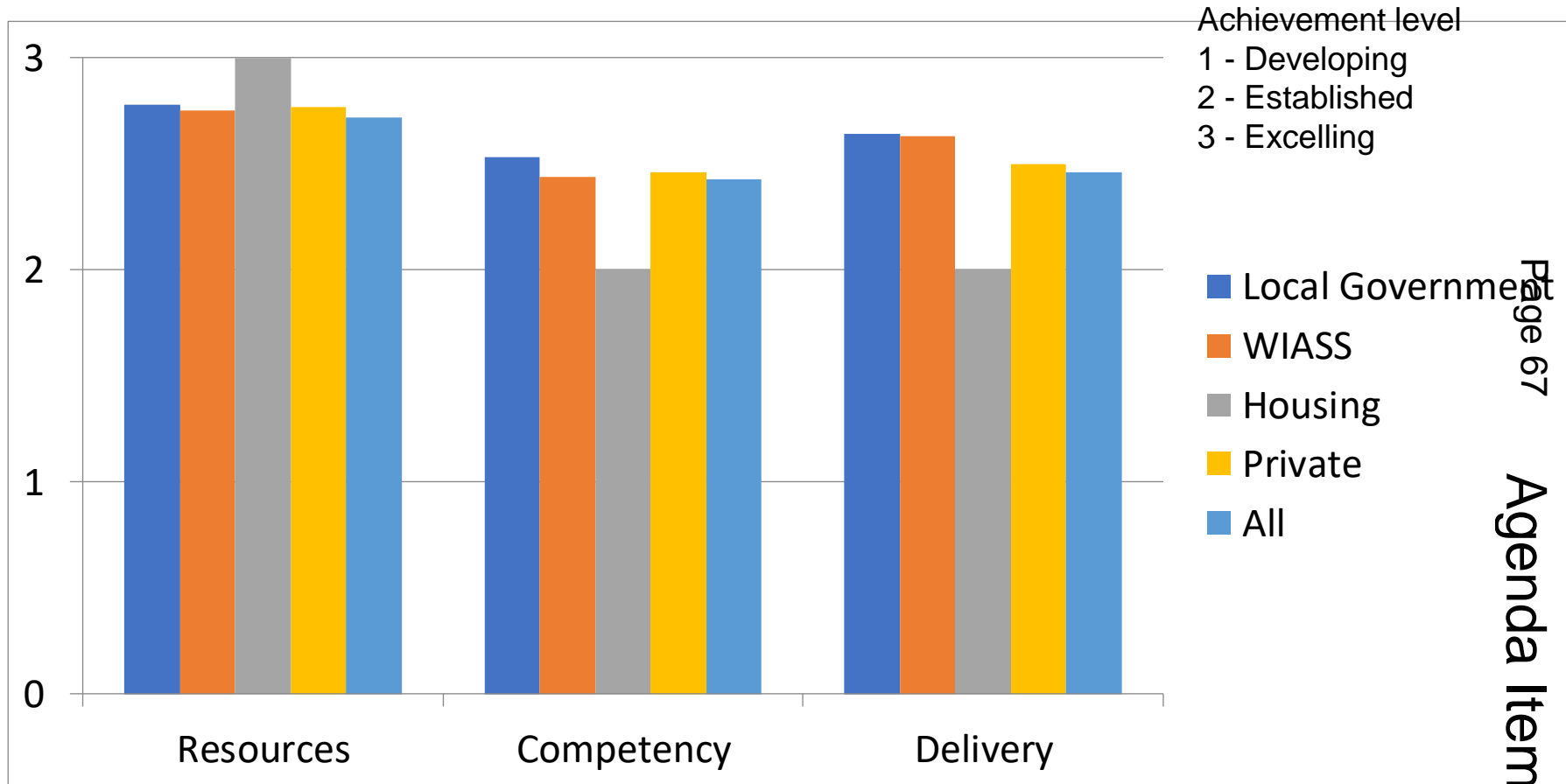
Suggested Enhancements for consideration

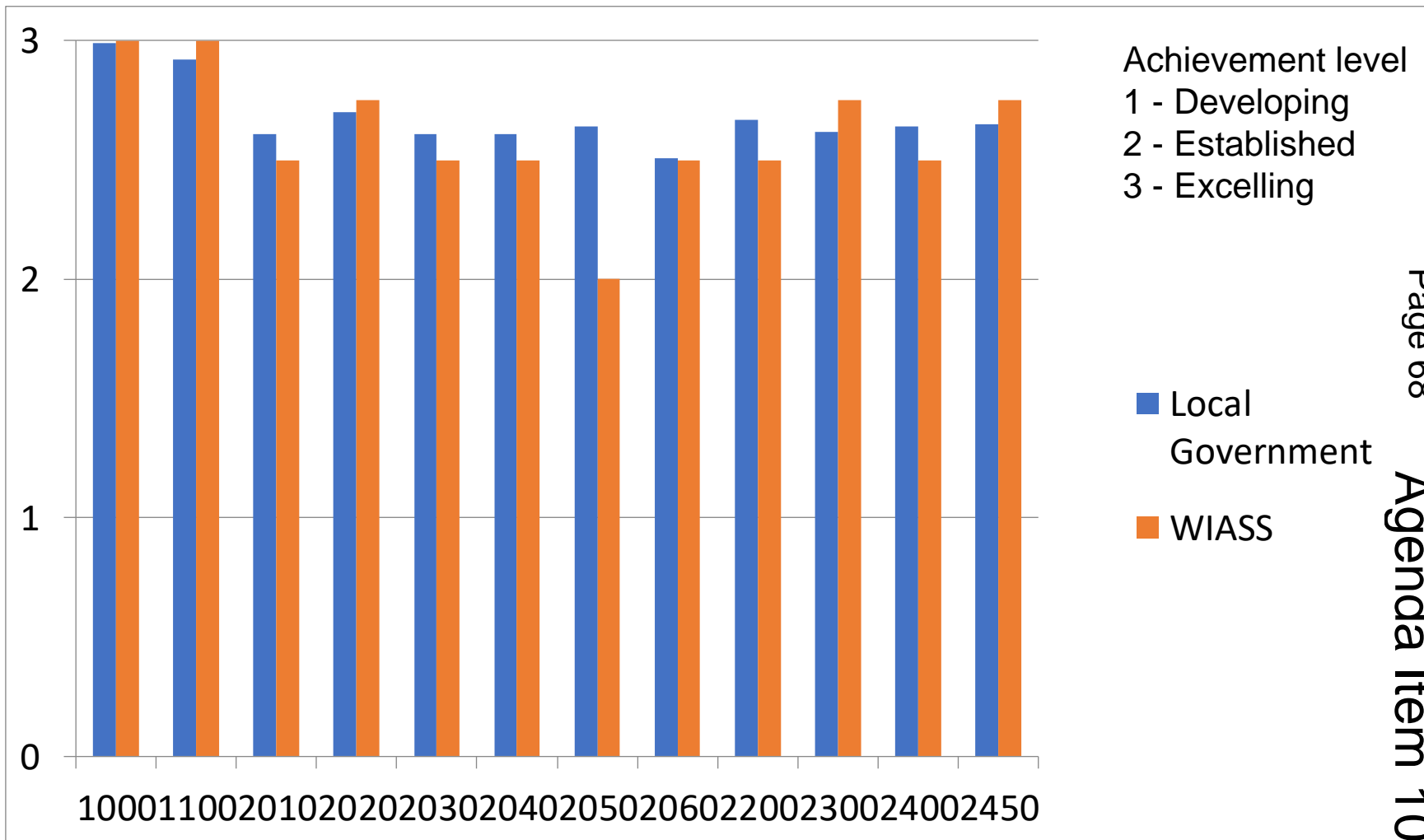
	Issue identified	Recommended action
3.	<p>Confidentiality Internal audit reports are currently distributed without a clause restricting access and ensuring that if viewed outside of the organisation no 'legal responsibility' is provided to those who may seek to rely upon the content..</p>	<p>The Internal Audit Team should consider the need to include appropriate confidentiality and limitation of liability clauses in all reports which are or may be shared with clients, Audit Committees and third parties directly or indirectly.</p> <p style="text-align: right;">PSIAS 2440</p>
4.	<p>Stakeholders Whilst the PSIAS does make reference to considering the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions (2010.A2).</p> <p>WIASS partially recognises this within its Internal Audit Charter in para 5.1 although this omits reference to other stakeholders.</p> <p>The emphasis in the proposed new Global Internal Audit Standards is much stronger.</p>	<p>Consider how future internal audit activity may demonstrate appropriate consideration of other stakeholder expectations:</p> <ol style="list-style-type: none"> 1. In devising internal audit plans 2. When identifying Management Objectives in future audits. <p style="text-align: right;">PSIAS 2010</p>

Part three



Benchmarking





Appendix



1. Summary of client feedback
2. Key IPPF/PSIAS standards assessed
3. Basis for EQA
4. Grading of recommendations

Summary stakeholder feedback

Question	Positive (%)	Negative (%)
I understand Internal Audit's role in the organisation and its purpose.	100	
Internal Audit is customer focused and understands what the organisation is trying to achieve.	100	
Internal Audit considers the viewpoints of the organisation when planning and undertaking reviews and aims to provide a good balance between assurance and good practice with opportunities for improvement.	100	
Internal audit has a presence in the organisation which is visible and approachable.	80	20
The Internal Audit team provides a flexible and reliable service which adds value through the assurance audits and additional work it undertakes.	100	
Internal Audit makes you aware of any significant issues that occur during an audit on a timely basis and you have the opportunity to respond or provide additional information.	100	
Internal audit has the skills to provide appropriate assurance and advice to meet our needs?	100	
Good practice and ideas from other organisations are shared through audits, day to day contact, meetings or other engagement methods.	53	47
Average	92%	8%

Conclusion:

Feedback from stakeholders confirms that clients consider that they receive a good quality internal audit service whose brief is clearly understood and the assurance and advice that is provided is well regarded. Recent meetings with the new Head of Assurance have been well received. Observations were made regarding enhanced communication with functional management regarding 'major' issues and the value of increasing emphasis on sharing best practice from within the sector.

Other relevant observations

Risk based approach that is formulated to ensure best practice, address risks and add value

I would be very interested to discuss ways in which we can develop it under the new Head of Service.

We have fortunately had a recent session with head of audit that gave a more in depth knowledge of its processes and procedures.

On occasion there has been a lack of engagement with senior responsible managers / subject matter leads at an early enough stage which has led to reports being drafted without the full context. This is improving.

Capacity and resourcing issues in the team has meant that coverage has not been as good as it could be and the quality of some auditors, who have now left, has not always been to a high standard.

I have long called for the team to share their experience and observations gained from working at other councils in the County but never received anything back.

It is good that the service is shared - as it gives a set of inbuilt comparisons for best practice and gives additional resilience for the overall service.

Issued	26	Returned	15	Response rate	58%	Average
--------	----	----------	----	---------------	-----	---------

Key PSIAS Standards assessed

(for benchmarking purposes)

Standard		Focus
1000	Purpose, Authority and Responsibility	The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> . The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.
1100	Independence and Objectivity	The internal audit activity must be independent, and internal auditors must be objective in performing their work.
2010	Planning	The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
2020	Communication and approval	The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.
2030	Resource Management	The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
2040	Policies	The chief audit executive must establish policies and procedures to guide the internal audit activity.
2050	Co-ordination	The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.
2060	Reporting	The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
2200	Engagement planning	Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.
2300	Work programme	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.
2400	Communicating results	Internal auditors must communicate the results of engagements
2450	Overall opinions	When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Basis for EQA

Compliance with IPPF/PSIAS

- **Resources**

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

- **Competency**

Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development

- **Delivery**

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control.
Review	The Internal audit service should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists, as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.

APPENDIX B - Worcestershire Internal Audit Shared Service Improvement Plan

REF	ACTION	TARGET DATE	COMMENTS
RESOURCES			
1	Update the Internal Audit Charter to include: <ul style="list-style-type: none"> a statement that the continuous development of internal audit plans is aligned with the provision of an annual opinion reflecting the changing risk environment in which each client operates, and where independent assurance from internal audit is designed to support the Annual Governance Statement. A statement setting out how internal audit's annual governance opinion is derived. 	31/03/2025	
2	Introduce a formal Quality Assurance and Improvement Policy. Include a more detailed statement in the Head of Internal Audit Annual Report in which: <ul style="list-style-type: none"> Confirms that all measures contained in the process have been completed, and States how any significant deviations or development needs will be resolved. 	30/09/2024 31/07/2025	Policy being submitted for member approval in September 2024. To be included in the next HOIA Annual Report.
3	Consider introducing a limited set of formal KPI's based on quantitative and qualitative data to support the QAIP process.	Completed	KPIs have been developed for 2024/25 and are included in the new Quality Assurance and Improvement Policy. The results will be included in the next HOIA Annual Report.
4	Complete the auditor skills audit and agree revised development plans, taking into account client needs and future expectations.	31/12/2024	The Institute of Internal Auditors Skills Matrix will be used. The Worcester City Council Learning Plan function will be utilised.
COMPETENCY			

REF	ACTION	TARGET DATE	COMMENTS
1	Develop an internal audit 'universe' (long list of potential areas for review) for each partner organisation, aligned with risk registers.	31/03/2025	This will be completed and utilised in development of internal audit plans for 2025/26.
2	Map internal audit activity with the Code of Corporate Governance.	31/03/2025	This will be completed and utilised in development of internal audit plans for 2025/26.
3	Document the sources of assurance available to internal audit within each engagement as part of routine processes. Use the accumulated knowledge gained to support the Annual Assurance opinion in the Head of Internal Audit's Annual Report	Completed 31/07/2025	This is reflected in the standard work programme template. To be incorporated within the next annual HOIA report.
4	Review the terminology used within templates to reflect Management's Objectives within the area for review. Refine the risks on the Audit Brief to reflect those of a significant' nature which will then become the focus for assurance.	31/12/2024	The terminology is covered on the standard templates. The Audit Briefs will be amended to highlight those which are most significant, so that they become the focus for assurance work.
5	Ensure that identification of fraud risks is comprehensive and is aligned with client risk appetite regarding its significance along with all other risks. Ensure that audit reports include commentary on the fraud risks evaluated.	31/12/2024	This action relies upon clients articulating their risk appetite. Going forward, internal audit reports will include an evaluation of the fraud risks identified.
6	Consider the degree to which reported compliance with the CIPFA Code of Financial Management can be relied upon for assurance purposes. Allocate resources to review areas of significant risk exposure where additional independent assurance is required.	31/03/2025	This will be completed and utilised in development of internal audit plans for 2025/26.
7	Where possible and practicable, ensure that the assessment of 'Control Risk' in relation to the achievement of Management Objectives focuses reviews upon:	31/12/2024	Internal documentation and assessments will be updated to accommodate this.

REF	ACTION	TARGET DATE	COMMENTS
	<ul style="list-style-type: none"> Those risks where the assessment is that the combined impact/likelihood score has decreased most and where if assumptions are incorrect critical business risk exposure may exist. Risks where the value of 'Control Risk' is limited or zero and as a result suggesting the controls may be insufficient or ineffective. Key Controls (rather than a wider view of all controls which may have little impact on risk reduction or the achievement of business objectives). 		
8	Align the grading of internal audit recommendations with those impact definitions used within the client risk management process.	30/11/2024	The standard documentation will be updated to reflect this.
DELIVERY			
1	<p>On completion of current recruitment, organise appropriate training to:</p> <p>a) Induct new staff</p> <p>b) Ensure a consistent approach by all staff to all client engagements, and</p> <p>c) Demonstrate consistent application of the approved practices within annual self-assessment and QAIP processes.</p>	<p>Completed</p> <p>Completed</p> <p>31/07/2025</p>	<p>Recruitment to the Senior Auditor posts has been completed. This is enhancing the level of on the job support and supervision of staff.</p> <p>An induction plan has been developed for new staff.</p> <p>Arrangements in place and ongoing.</p> <p>To be completed and incorporated within the next annual HOIA report.</p>
2	Add further clarification in the HOIA Annual Report as to how in practice the opinion on the organisation's risk management arrangements is derived.	Completed	This was incorporated within the HOIA Annual Reports for 2024/25.

REF	ACTION	TARGET DATE	COMMENTS
3	<p>Consider:</p> <ul style="list-style-type: none"> Including planned dates in the Annual Internal Audit Plan regarding the date at which the final report outcomes will be presented to the Audit and Governance Committee. Inclusion of recommendations graded as 'High' in risk registers as soon as these are observed. Recording of issues related to delayed management responses to audit reports within progress updates to the Audit and Governance Committee. 	<p>Completed</p> <p>31/10/2024</p> <p>Ongoing</p>	<p>This has been incorporated for 2024/25.</p> <p>This links with Action 8 under 'Competency' above. Responsibility for updating and maintaining risk registers lies with clients. Where 'High risk' graded recommendations are made, it will be emphasised to management that the relevant risk register should be updated.</p> <p>Provision already exists and the Head of Internal Audit will consider doing this where appropriate to the circumstances.</p>
4	Expand the annual HOIA report and opinion to incorporate much broader knowledge of the client, gained through previous years programmes and that gained within and provided for within the internal planning cycle, including discussions with management and reference to risk management processes.	31/07/2025	To be completed and incorporated within the next annual HOIA report.
SUGGESTED ENHANCEMENTS			
1	Issue of the customer satisfaction survey to the relevant client manager following and engagement with the draft report, rather than after issuing the final report.	30/09/2024	This will be communicated to the team.
	Support the feedback gained with an annual survey to Senior Client Managers.	30/04/2025	

REF	ACTION	TARGET DATE	COMMENTS
			To be issued at the end of the current financial year. The results will be analysed and incorporated within the next annual HOIA report.
2	In relation to the performance development of the Head of Internal Audit, consider incorporating more formal input from key client officers and Audit Committee Chairs.	31/10/2024	To be discussed at the next meeting of the Shared Service Client Officer Group in October 2024.
3	Consider the need to include appropriate confidentiality and limitation of liability clauses in all reports which are or may be shared with clients, Audit Committees and third parties directly or indirectly.	31/10/2024	The standard documentation will be updated to reflect this.
4	Consider how future internal audit activity may demonstrate appropriate consideration of other stakeholder expectations: <ul style="list-style-type: none"> • In devising internal audit plans. • When identifying Management Objectives in future audits. 	31/03/2025	This will be considered in advance of the new Global Standards going live in April 2025.

This page is intentionally left blank



QUALITY ASSUARANCE AND IMPROVEMENT POLICY

SEPTEMBER 2024

QUALITY ASSURANCE AND IMPROVEMENT POLICY**1. INTRODUCTION**

- 1.1 Internal auditing is defined as “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”. (Source: Public Sector Internal Audit Standards – PSIAS).
- 1.2 The Council’s internal audit function aims to meet the expectations of its stakeholders and deliver consistently high-quality services. This requires a lot of effort and commitment to identify and consistently apply effective professional practice. This is why PSIAS Standard 1300 requires the Head of Internal Audit to develop and maintain a Quality Assurance and Improvement Policy (QAIP).
- 1.3 The QAIP is designed to provide reasonable assurance to the various stakeholders of Worcestershire Internal Audit Shared Service (WIASS) that Internal Audit:
 - Performs its work in accordance with its Charter, which is consistent with the PSIAS, Definition of Internal audit and Code of Ethics
 - Operates in an effective and efficient manner; and
 - Is perceived by stakeholders as adding value and continually improving the Council’s operations.
- 1.4 The QAIP covers all aspects of the Internal Audit activity. The PSIAS states that the QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.
- 1.5 The Head of Internal Audit is ultimately responsible for the QAIP.

QUALITY ASSURANCE AND IMPROVEMENT POLICY**2. INTERNAL ASSESSMENTS**

2.1 In accordance with PSIAS Standard 1300, internal assessments are carried out through both ongoing and periodic reviews.

Ongoing Reviews

2.2 Ongoing reviews are conducted through:

- Supervision of all engagements
- Regular, documented review of audit brief and working papers
- Audit Manual setting out the procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards
- Feedback from customer surveys on individual engagements
- Monitoring of performance against agreed performance indicators and regular reporting to the partner Audit, Governance and Standards Committee, Senior Management Team (or equivalent), and the Client Officer Group (COG)
- All draft and final reports, recommendations and levels of assurance are reviewed and approved by the Head of Internal Audit.
- Follow up and reporting on the implementation of actions agreed at the end of each engagement

Periodic Reviews

2.3 Periodic reviews are designed to assess conformance with the PSIAS and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders.

2.4 Periodic assessments will be conducted through:

- Quarterly Progress Reports to the Audit, Governance and Standards Committee which includes progress against the annual plan, reports issued during the period, details of the opinions, and summaries of key issues and outcomes from the work undertaken
- Annual review of compliance against the requirements of the QAIP, the results of which are reported to senior management and the Audit Governance and Standards Committee
- Feedback from the Section 151 Officers, COG, and Chair of the Audit Governance and Standards Committee to inform the annual appraisal of the Head of Internal Audit in accordance with Standard 1100
- An annual self-assessment against the PSIAS
- Periodic Skills and Competency exercise for each Internal Auditor

QUALITY ASSURANCE AND IMPROVEMENT POLICY

- 2.5 Significant areas of non-compliance with PSIAS identified through internal assessments will be reported in the Internal Audit Annual Report and used to inform the Council's Annual Governance Statement (AGS).
- 2.6 Results of internal assessments will be reported to the Audit Governance and Standards Committee at least annually. The Head of Internal Audit will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.
- 2.7 The Head of Internal Audit will also periodically identify improvement requirements, for example in respect of audit planning, assurance mapping, audit processes, counter fraud, skills development for the team, audit profile and performance.

3. EXTERNAL ASSESSMENTS

- 3.1 An external assessment will occur at least once every five years as required by the PSIAS. This process will express an opinion about Internal Audit's conformance with the PSIAS, Definition of Internal Audit and Code of Ethics and include recommendations for improvement, as appropriate.
- 3.2 The appointment of the External Assessor and scope of the External Assessment will be approved by the Audit Governance and Standards Committee.
- 3.3 The results of external assessments will be reported to the Audit and Governance Committee, COG, and Section 151 officers within a reasonable timeframe following receipt of the external assessor's report. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.
- 3.4 The Head of Internal Audit will implement appropriate follow-up actions to ensure that recommendations made in the report and action plans developed are implemented in a reasonable timeframe.

4. REVIEW OF THE POLICY

- 4.1 This document will be subject to periodic review and will be updated accordingly following any changes to the PSIAS or the operating environment of internal audit.

QUALITY ASSURANCE AND IMPROVEMENT POLICY

5. TIMELINE OF ASSESSMENT WORK

5.1 The following table sets out the timeline and frequency of the assessment work:

Nature of Assessment Work	Timeline and Frequency
Engagement supervision	Ongoing
Reviews of audit brief and working papers	Ongoing
Compliance with the Audit Manual	Ongoing
Review of audit work completed by the Head of Internal Audit	As and when required
Report consultation process	At completion of each assignment
Customer feedback	At completion of each assignment
Progress and performance monitoring	Aligned with Audit and Governance Committee and COG meetings
Progress reporting on improvement plan	Aligned with Audit and Governance Committee and COG meetings
Head of Internal Audit or Senior Auditor review and approval of: <ul style="list-style-type: none"> • Draft and final reports • Recommendations • Levels of assurance • Risk exposure assessments 	Ongoing
Follow up and reporting on the implementation of agreed audit actions	Aligned with each Audit Governance and Standards Committee meeting
Skills and Competency Exercise for Internal Auditors	Annually
Incorporating input from key client officers and Audit Committee Chairs when evaluating the performance of the Head of Internal Audit	Annually
PSIAS self-assessments	Annually
Review of compliance with this QAIP	Annually
External assessment	Every 5 years

6. PERFORMANCE MANAGEMENT

6.1 The following performance targets have been established for 2024/25:

Description	Narrative	Target
Delivery	% of audit days delivered by Year End	90%
Productivity	% of available time spent on productive audit work	80%
Effectiveness	% of agreed recommendations implemented by the target date	75%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%

This page is intentionally left blank

Audit, Governance and Standards Committee 26th Sept 2024**Financial Savings Monitoring 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 Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance and Standards Committee RECOMMEND that:

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

2. BACKGROUND

- 2.1 As part of the 2024/25 budget, which was agreed at Council in February 2024, there were a number of savings options approved through the two-tranche process to deliver the balanced budget for the year. Savings from both tranches of the budget process have been combined in **Appendix A**. To these those 2023/4 savings items relating to future years have been added.
- 2.2 Additionally, an Improvement Recommendation in the Interim Auditors Annual Report on Redditch Borough Council 2021/22 and 2022/23 was that “savings delivery is monitored independently of basic budget monitoring at a corporate level”. As such savings monitoring will be part of the Audit, Governance and Standards Committee on a quarterly basis. This was delivered in the 2023/4 financial year and this is the first report of the 2024/5 year.
- 2.3 The Quarter 1 2024/25 Finance and Performance Monitoring report was reviewed by Executive in September 2024.
- 2.4 The Quarter 1 position is a £164k overspend. The £10.8m full year revenue budget included in the table below is the budget that was approved by Council in February 2024.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee 26th Sept 2024**

Service Description	2024-25 Approved Budget	2024-25 Approved Q1 Budget	Q1 Adjusted Spend	Q1 Budget Variance	Full Year Forecast	Full Year Budget Variance
Business Transformation and Organisational Development	1,781,837	445,459	638,201	192,742	1,988,102	206,264
Community and Housing GF Services	1,742,562	435,640	177,580	-258,061	1,876,553	133,990
Corporate Services	-1,996,267	-499,067	-592,553	-93,486	-2,355,834	-359,567
Environmental Services	2,701,088	675,272	-3,212,388	-3,887,660	3,681,746	980,657
Financial and Customer Services	2,067,408	516,852	399,903	-116,949	3,262,726	1,195,318
Legal, Democratic and Property Services	2,098,369	407,379	479,310	71,931	2,197,911	99,542
Planning, Regeneration and Leisure Services	1,067,182	253,802	269,861	16,060	1,344,309	277,127
Regulatory Client	562,038	140,510	144,440	3,931	652,390	90,352
Rubicon Client	777,747	194,437	247,556	53,119	943,679	165,932
Starting Well	0	0	24,581	24,581	0	0
Grand Total	10,801,965	2,570,285	-1,423,510	-3,993,794	13,591,582	2,789,616
Service Description	2024-25 Approved Budget	2024-25 Approved Q1 Budget	Q1 Adjusted Spend	Q1 Budget Variance	Full Year Forecast	Full Year Budget Variance
Corporate Financing	-10,801,965	-2,570,285	-3,381,251	-673,509	-13,291,964	-2,460,999
Grand Total	-10,801,965	-2,570,285	-3,381,251	-673,509	-13,291,964	-2,460,999
Rubicon Reserve Contribution					-165,000	-165,000
TOTALS	0	0	-4,804,760	-4,667,304	134,618	163,617

2.5 As this is expenditure at Q1 it is important to note that, at this stage in the financial year there are a number of instances where annual expenditure or accruals may distort the profiling as reflected in the Q1 actual. The above profiles have assumed support services and grant are adjusted to budgetary levels and accruals are netted out of the figures.

2.6 Overall, the Council is currently forecasting a full year revenue overspend of £164k at Quarter 1. This is mainly due to the additional fleet costs described below and also the pay award yet to be ratified and projects to a full year overspend of £642k. This position will continue to be reviewed particularly given the impact of the increasing costs linked to inflation and further updates will be provided to Councillors throughout 2024/25

2.7 This includes service projections as follows:

- Business Transformation £206k overspend – additional expenditure on professional fees, training and other employee costs.
- Community and Housing GF Services £134k overspend – numerous variances including salaries, agency staff, ICT purchases, grants and subscriptions.

Audit, Governance and Standards Committee 26th Sept 2024

- Corporate Services £360k underspend – additional external audit fees and postage costs.
 - Environmental Services £981k overspend – forecasted additional expenditure on salaries, property utilities, fuel and vehicle hire. The overspend, particularly on vehicle hire, has been mitigated by ordering a number of new vehicles, however the lead times are long.
 - Financial and Customer Services £1,195k overspend – increased forecast expenditure on agency fees due to vacancies.
 - Legal, Democratic and Property Services £100k overspend – overspend forecast due to additional agency costs, room hire and postage costs.
 - Planning, Regeneration and Leisure Services £277k overspend – reduced fees and charges income, agency costs, professional fees, equipment purchase and UKSPF fees.
 - Regulatory Client £90k overspend – additional spending due to transfer of Envirocrime and Planning Enforcement from NWEDR.
 - Rubicon Client £166k overspend – forecast overspend due to a VAT surcharge to be paid by Redditch together with additional spend on buildings maintenance. A contribution from the Rubicon reserve will be made to mitigate this overspend. This reserve will be prepared and set up while completing the 2021/22 final accounts.
- 2.8 The above overspends of £2.79m are offset by additional income of £2.46m in Corporate Financing from additional grant income (£1.81m) together with increased investment interest receivable (£260k) and lower interest payable (£386k)
- 2.8 The position at year end 2023/4 in terms of Departmental Savings was that: the two Amber items still require careful monitoring:
- The Service Review figure as per the text in the table is more than covered by the difference between Establishment Staffing vacancies and Agency staff. However, this savings figure increases significantly in 2024/5 but should still be covered by the difference. A full Council Establishment Review was undertaken in May 2024 which is confirming the ongoing position and also put in place processes which keep tight control of staffing changes – which account for almost 50% of the Council’s controllable budgets.
 - The Capacity Grid project, recouping old Council Tax and Business Rates debt is in mid flow. Presently levels for pre 2023/4 are £337k of Council Tax and £32k of Business Rates. We are assessing £3.5m of Council Tax Debt and £468k of Business Rates debt.
- 2.9 The red item will not be delivered. additional resource has been bought in to get the accounts up to date. Following a recruitment drive in Q4, 5 staff have been recruited and they all start early in the 2024/5 financial year. This will reduce costs over the present Agency charges. The plan is that the accounts will be bought up

Audit, Governance and Standards Committee 26th Sept 2024

to date by the end of the Summer and as such the team should be at Establishment and the ongoing budget position rectified.

- 2.10 The 2024/5 position is also shown in the table in Appendix A. The vast majority of savings items link to either increases in grant, agreed increases in Tax or items that will not be delivered until future financial years.
- 2.11 The largest savings in recent years are on pension costs which link to the 2023 triennial revaluation. These revised figures run for three years. There is a risk for the 2026/7 financial year that these figures will go up when the next triennial revaluation takes place.
- 2.12 The following items will require careful tracking in this financial year
- Movement to fill the £400k Town Hall savings item with new tenants.
 - Delivery of the 7% increase on Fees and Charges across the majority of Council chargeable services.
 - The deliverability of Planning income increases.

3. FINANCIAL IMPLICATIONS

- 3.1 The savings have significant financial implications if not delivered.
- 3.2 The Council presently has an estimated £5.054m in General Fund Reserves to cover one off issues, and £4.088m in Earmarked Reserves for specific purposes as per the MTFP that was approved in February (now updated for the 2020/21 Accounts. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position.

4. LEGAL IMPLICATIONS

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

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

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

Audit, Governance and Standards Committee 26th Sept 2024**Climate Change Implications**

- 5.2 The green thread runs through the Council Plan. 2024/25 savings options which had implications on climate change would have been addressed at that time.

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

- 6.1 There are no direct equalities implications arising as a result of this report. Any implications will have been dealt with as part of the 2024/25 Budget process.

Operational Implications

- 6.2 Operational implications will have been dealt with as part of the 2024/25 Budget process.

7. RISK MANAGEMENT

- 7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant effect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2024.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Redditch Savings Monitoring 2024/25

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Ian Woodall	17/09/2024
Lead Director / Head of Service	Pete Carpenter	16/09/2024
Financial Services	Debra Goodall	16/09/2024
Legal Services	Claire Felton	16/09/2024
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 26th Sept 2024

Appendix A – Redditch Savings Monitoring 2024/25

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	RAG Status	Narrative
23/4 Line Items						
Service Reviews	-140	-330	-405	-405	Yellow	Establishment review is now taking place. Monitoring position is £2.9m of vacancies covered by £1.6m of Agency staff. This is being evaluated for the savings required and will be reported in the Q2 monitoring. This savings was not delivered in 2023/4 as additional resource has been bought in to get the accounts up to date.
Finance Vacancies	-100	-100	-100	-100	Red	
Engage Capacity Grid (One Off)	-300	-300	0	0	Yellow	Needs to be carefully monitored as slightly under recovered in 23/4.
Environmental Services Partnership	0	-25	-50	-50	Yellow	Q1 monitoring suggest slight issue, will be updated in Q2 monitoring.
Move to All Out Elections	0	0	-170	-170	Light Green	This needs to be reviewed in 25/6 budget
Town Hall	0	0	-400	-400	Yellow	Not an issue for 24/5, although over £150k is already being delivered. Issue is in the following year.
Total 23/4 Items	-540	-755	-1,125	-1,125		
24/5 Line Items						
Utilities increases		-228	-228	-228	Light Green	Only 60% drawn down in 23/4 – this is the 40% remainder.
23/4 Inflation Budget		-269	-274	-274	Light Green	Not drawn down in 23/4, £125k put in for 24/5
7% increase Fees & Charges		-238	-241	-243	Yellow	Will need testing given the £100k reduction in registrars fees
2% C Tax Increase 25/6			-144	-144	Light Green	This is the present allowable increase level
2% C Tax Increase 26/7				-147	Light Green	This is the present allowable increase level

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 26th Sept 2024

2% Fees & Charges 25/6		-69	-71		This is future years
2% Fees & Charges 26/7			-74		This is future years
Gov Grant at 23/4 Levels	-148	-148	-148		As per Government Guidance
Council Tax increase to 3%	-67	-67	-67		Allowable in 2024/5
Planning income 25%	-60	-60	-60		Not included in original fees and Charges – needs validating
22/23 Pay Award savings	-100	-100	-100		Based on budget review in January
Impact of Budgets on Pay Award	-150	-150	-150		Based on budget review in January
Changes in other Central Grants	-244	-140	-140		As per Government Guidance
Additional Government Grant (Feb 24)	-103	-103	-103		As per Government Guidance
Total 24/5 Items		-1609	-1,725	-1,949	

This page is intentionally left blank

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 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 Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance and Standards Committee **RECOMMEND** that:

- 1) Progress on the 2020/21, 2021/22 and 2022/23 Audit processes 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.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

- 2.2 Audit Committee training was undertaken on the 28th May, and Local Government Finance training was given on the 30th July.
- 2.3 One of the legislative reporting requirements the Council had 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 have been open for the required 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

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

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 14/4/24
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 7/5/24
Capital Outturn Return	COR	Final capital outturn figures for 2023-24	26-Apr-24	26-Jul-24	10-Oct-24	Delivered 29/07/24
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	Delivered 19/7/24
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 30/06/2024

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

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 05/07/24
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	Delivered 2/08/24
Capital Payments & Receipts - Q1	CPR1	Cumulative capital expenditure and receipts for Q1 2024-25	21-Jun-24	19-Jul-24	08-Aug-24	Delivered 19/07/24
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 01/07/24
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	

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

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 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 on 9th January 2024**
 - Council Tax Resolution – **Yearly 2024/5 delivered on 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**
 - **2023/4 Half Yearly Report delivered in Q3 Monitoring Report 18 March 24**

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

- 2023/4 Outturn Report ***delivered in September 24.***
- Council Tax Support Scheme – ***24/5 Approved on 9th January 2024.***
- Minimum Revenue Provision – yearly – ***Approved as part of the 24/5 MTFP.***
- Financial Monitoring – ***delivered quarterly to Executive – Q1 24/5 in Sept 2024.***
- Risk Management – ***Delivered quarterly to this Committee (Q4 23/4 in July 24)***
- Savings Report – ***Delivered quarterly to this Committee (Q1 24/5 delivered today)***
- Financial Controls (still in development)
 - Clearance of suspense accounts – now part of the closure of accounts process.
 - Bank Reconciliation - ***linked to above point although a separate stream assessing/clearing 2023/4 and prior year items.***
- Over £500 spending.
 - ***Updated to May 2024.***

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

- **Closure**
 - Draft Accounts for 2021/22 will be presented to Committee this evening and 2022/23 before the end of October.
 - 2020/21 Audit ***see later section.***
- Government Returns
 - VAT – Monthly
 - ***Still to be delivered after 20/21 – linked to closure of accounts/suspense clearance, discussions ongoing with HMRC and Tax advisors PS Tax.***
- Revenue Outturn Reports
 - ***Still to be delivered for 21/22 – dependent draft accounts being presented today.***
- Whole of Government Accounts Returns – August
 - ***Still to be delivered for 20/21, 21/22 and 22/23.***

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 following the compilation of 21/22, 22/23 and 23/24 accounts.

Update on the Statement of Accounts

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

- Closure 2020/21
 - Following agreement of opening balance positions the 2020/21 Accounts were opened to Public Inspection following the May Audit, Governance and Standards Committee.
 - Sign off of 20/21 Accounts – to be confirmed with the External Auditors.
- Closure 2021/22
 - Updated Outturn position – still to be provided following the full closure of these accounts.
 - Draft Accounts planned to be presented to this Committee today (without any 2020/21 Audit Adjustments) and then put out for Public Inspection.
 - Audit of Accounts following Audit of 2020/21 Accounts.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

- Sign off of the Accounts – to be confirmed with External Auditors.
- Closure 2022/23
 - Draft Provisional Outturn Report – Executive Report delivered on the 12th September 2023. This will be updated following the draft closure of the accounts.
 - Draft Accounts planned to be presented in October to allow a month for Public Inspection to comply with the new Audit backstop requirements (without any 2020/21 or 2021/22 Audit Adjustments).
 - Audit of Accounts following Audit of 2020/21 and 2021/22 Accounts.
- Closure 2023/24
 - Draft provisional Outturn Report presented to Executive in July 2024.
 - RO/CO Returns have been provided to Government.
 - Draft Accounts planned to be presented to the November Audit, Governance and Standards Committee (without any 2020/21, 2021/22, 2022/23 Audit Adjustments) and then put out to public consultation as per the updated backstop requirements.
 - Audit of Accounts dependent on changes to legislation given that the Council's External Auditors now change to being Bishop Flemming.
- **Closure Process being undertaken (high level view)**
 - The Council have been 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.
 - Bank Reconciliation – Banks have been reconciled.
 - 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.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

- We appointed 4 staff from the interviews in January – all have now started. We have interviewed for 5 further posts in the summer to bring the team almost up to establishment and reduce the reliance on Agency.

- 2.11 Following the General Election in July 2024, the New Minister of State for Housing, Communities and Local Government Jim McMahon OBE MP wrote to Councils on the 30th July. In this letter the minister notes that the significant and unacceptable backlog of unaudited accounts, which will likely rise again to around 1,000 later this year. This situation undermines trust and transparency in the way taxpayers' money is being spent and auditors cannot focus on up-to-date accounts, where assurance is most valuable.
- 2.12 To tackle the backlog, The Minister intends to lay secondary legislation when parliamentary time allows to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates: 2015/16 through to 2019/20 must be signed off by the 30th December 2023.

Financial Year	Backstop date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 2.13 Parliamentary approval was given on the 9th September, for financial years 2024/25 to 2027/28, the date by which local bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts. A new suite of guidance is planned by the NAO and Financial Reporting Council (FRC) on these measures, and we continue to work with other organisations to consider what guidance would be most constructive and helpful for local bodies.
- 2.14 The Minister expects that there will be full assurance, with "clean" opinions for many bodies by the first backstop date of 13 December 2024. However, due to the time constraints, auditors are likely to issue 'disclaimed' audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. It is recognised that aspects of these proposals are uncomfortable. Without this action by the Government, audits would continue to be delayed and the system would move even further away from timely assurance. The minister's guidance is set out in **Appendix A**.
- 2.15 Bishop Fleming, our Auditors for 23/4 onwards, are still waiting for the formal outcomes following the approval of the financial instrument. 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.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

- 2.16 We are on the 23a version on TechOne and expect to upgrade to 24b in the Autumn. This upgrade has given access to more functionality. However, Redditch and Bromsgrove are still the only Councils on Cash Receipting, when the weekly updates come in they have to do additional checks to ensure the functionality is working as expected.

Update on the Budget and ongoing Monitoring.

- 2.17 The Councils 2024/25 Budget was approved on the 26th February 2024 at Council. Budgets and are loaded onto TechOne.
- 2.18 Quarter One 2024/5 Financial and Performance monitoring went to Executive in September 2024.

Compliance Items

- 2.19 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.
- The 2024/5 Strategies were approved by Council in February.
- The 2023/4 Outturn Report was approved by Council in September.

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.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

- 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).
- The Internal Audit Service will be externally assessed in early 2024.
- The Council will seek an 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.
- Mis-coding on TechOne per month – by Service Area – work is ongoing to clear the mis-codings on a monthly basis in conjunction with work going on to reconcile previous years.

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.

2.20 Work is ongoing on the clearance of the Cash Receipting suspense accounts. The Council now has processes in place for the different types of error that have taken place since the implementation of the TechOne system. Corrections will be actioned by journal although conversations are taking place with TechOne to ensure as much as possible can be automated. As reported earlier in this report, this will ensure the delivery of accounts from 2021/2 to 2023/4 to the timescales set out. One of the processes is the clearance of Treasury transactions which by their nature are a manual process but of significant size.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024****Summary**

2.21 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 as per the updated guidance that has now been approved. This report is now updated for data as at the end of August and is delivered to each Audit, Governance and Standards Committee at Redditch to 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 2024/25 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****26th September 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, November 2023.

Accounting Policies Report – March, June, July, September, November 2023 and January, March, May and July 2024 Audit, Governance and Standards Committee.

Finance Recovery Report – June 2023 and October 2023, January and September 2024 – Executive

Programme Management Office Requirements – July 2023 – Executive

Approvals to Spend Report - July 2023 – Executive

9. Appendices

Appendix A – The Minister's Update

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024****Appendix A – The Minister’s Update**

Ministry of Housing,
Communities &
Local Government

Jim McMahon OBE MP*Minister of State for Local Government and
English Devolution*

2 Marsham Street

London

SW1P 4DF

Josh Goodman

Chief Executive

Office for Local Government

September 2024

Dear Josh,

Office for Local Government – review of long-term role, and short-term remit

I am committed to resetting the relationship between local and central government and to clarify the roles and responsibilities of central government and the sector. I have therefore decided to review the role of Oflog by the end of 2024 to ensure that it will add the greatest possible value to the system of transparency, accountability and support of local government. I will welcome the views of the sector over the coming months.

In the meantime, I would like Oflog to continue to deliver its previous remit, with the exception that we have agreed that Oflog should pause on piloting and rolling out its current model of ‘early warning conversations’ while we consider the Government’s overall approach to early warning and interventions.

Oflog’s short-term remit, effective immediately, is as follows:

Inform

We need to empower communities to have a voice on what their local authority is doing. It can be hard to navigate the wealth of available data – we are rich on data but poor on insights. Although the current Oflog Data Explorer is live, it is incomplete and covers only a fraction of local authority activity. Oflog will:

- continue to update data for existing metrics on the Data Explorer;
- continue to add new metrics to the Data Explorer, with a focus on areas most relevant to the government’s missions;

`1

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****26th September 2024**

- continue to improve the Data Explorer, including ensuring it better explains the data's limitations and how it should be used responsibly by third parties; and
- develop options for new, additional, or alternative data tools to help citizens understand local authorities' performance, being clear about how these would add value to existing tools and reporting provided by central government and the sector.

As Oflog is an office within my department, I will approve all new metrics for the Data Explorer prior to publication.

Support

Oflog will continue its work to understand the current landscape of support available to local authorities and, where there are gaps, will inform discussions with MHCLG officials about how these gaps might be best filled.

In parallel, Oflog should continue its programme of webinars that convene groups of similar LAs to learn from each other. It should also continue to take a "test and learn" approach to new forms of support. This could include publishing new analysis, research or tools on local authority performance and best practice.

I am interested in what Oflog could do to improve LAs' digital and data capability. Oflog should develop a proposition, working across government.

Warn

We have agreed that Oflog should pause on piloting and conducting its current model of 'early warning conversations' while we consider the Government's overall approach to early warning and interventions. I would like Oflog to work with MHCLG officials on options to help identify when LAs might need support to recover, rebuild or reform.

This remit will be updated after further consideration of Oflog's role in the sector.

Yours sincerely



Jim McMahon OBE MP

Minister of State for Local Government and English Devolution

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

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
- Risk Champion Update
- Committee Work Programme

Additional Items:

- Financial Savings Monitoring Report
- Annual Review Letter of Local Government and Social Care Ombudsman
- Internal Audit – External Quality Assurance

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

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

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

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