

# **Audit, Governance & Standards Committee**

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Tuesday, 20th January,  
2026

## **MINUTES**

### **Present:**

Councillor Gemma Monaco (Chair), Councillor Chris Holz (Vice-Chair)  
and Councillors Andrew Fry, Gary Slim and Paul Wren  
Parish Council Representative: Cllr Alan Smith

### **Also Present:**

Councillor Ian Woodall – Portfolio Holder for Finance

### **Officers:**

Debra Goodall, Chris Green, Nicola Cummings, Mark Hanwell (on  
Microsoft Teams), and Julie Lorraine (on Microsoft Teams)

### **Democratic Services Officers:**

Mat Sliwinski

## **32. APOLOGIES AND NAMED SUBSTITUTES**

There were no apologies for absence.

## **33. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **34. MINUTES**

The minutes of the meeting of Audit, Governance and Standards  
Committee held on 23<sup>rd</sup> October 2025 were submitted for Members'  
consideration.

### **RESOLVED that**

**the minutes of the Audit, Governance and Standards  
Committee meeting held on 23<sup>rd</sup> October 2025 be approved as  
a true and correct record and signed by the Chair.**

Chair

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## **35. PUBLIC SPEAKING**

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

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

The Chairman of Feckenham Parish Council provided an update on the Parish Council's standards matters and in doing so reported that Feckenham Parish Council now had a full representation of councillors with no vacancies. All Parish Councillors had recently undertaken a course on data protection / GDPR. In addition, the Parish Council had recently updated its documentation relating to conduct matters.

The Parish Council Chairman added that there continued to be concerns in Feckenham in relation to matters as reported at previous meetings of Audit, Governance and Standards Committee. It was remarked that more information was needed by the Parish Council in relation to the Borough's Local Plan as well as Local Government Reorganisation (LGR) that were not available at this point.

In response to the questions by the Chairman of Feckenham Parish Council, it was explained that, in Worcestershire, two LGR proposals had been submitted to the Government. One proposal, submitted on behalf of five district councils in Worcestershire (Bromsgrove District, Malvern Hills District, Redditch Borough, Worcester City District, and Wychavon District Councils) was for the creation of two unitary authorities in Worcestershire, the North and South Worcestershire LGR proposal. The other proposal, submitted on behalf of Worcestershire County Council and Wyre Forest District Council, advocated the creation of a single unitary authority for Worcestershire.

It was explained that the Government was expected to make a decision on the proposals around summer 2026 and that the new unitary arrangement would set to commence on 1 April 2028 according to the Government's timetable.

**RESOLVED that**

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**the Feckenham Parish Council's Representative update be noted.**

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

The Deputy Monitoring Officer presented the Monitoring Officer's report and in doing so reported that since the last report to the Committee there had been one complaint submitted from a member of the public, which did not pass the initial assessment stage. In addition, several complaints had been received from County Councillors and a member of the public, which were expected to be resolved informally.

The complaint which was reported at the last Committee meeting (23 October 2025), submitted by a member of the public against three Members, was still at the initial stage awaiting further information from the complainant. The complaint received after this meeting's agenda publication, relating to the Council meeting on 13 January 2026, was currently being assessed.

It was noted that the next meeting of Member Support Steering Group was due to take place on 12 February 2026 and the last meeting of Constitutional Review Working Group (CRWG) took place on 6 January 2026, relating to the taxi licensing scheme of delegations and the recommendation to permanently delegate authority to officers to determine hackney carriage and private hire vehicle renewal applications that fell outside of the Council's age criteria policy. The recommendations from the CRWG would be reported to full Council.

**RESOLVED that**

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

## **38. ERNST & YOUNG - EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

Assistant Director Finance and Customer Services introduced this item, explaining that the External Auditors could not attend this meeting but requested that a verbal update be provided to the Committee on their behalf.

It was noted that External Auditors were undertaking the work to audit the Council's 2023/24 Statement of Accounts in addition to work for the Council to meet the backstop deadline of 27 February

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2026 for publishing the audited Accounts for the 2024/25 financial year. Meetings continued to take place between Council officers and the External Auditor in relation to outstanding queries, including with regard to whistleblowing cases and how these cases were being actioned by the Council. It was expected that the Council would receive a 'disclaimer' opinion for the 2023/24 and 2024/25 Accounts.

It was reported that the 2023/24 Value for Money audit had been completed, with two main issues identified by the External Auditor relating to the outstanding VAT returns for the period prior to December 2024 and the write-off value for the Town Hall Hub project as a result of change to the project to no longer move the library to the Town Hall. In response to a question, it was stated that the write-off value was estimated to amount to between £450,000 and £600,000.

**RESOLVED that**

**the update be noted.**

## **39. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Progress Report was presented by the Head of Worcestershire Internal Audit Shared Service (WIASS). It was reported that the service was fully resourced and as of end of December 2025 186 productive days of internal audit work for the Council had been delivered against the full year plan of 308. It was anticipated that the objective of delivering 90 per cent of the full year plan would be achieved by year end (31 March 2026).

As of end of December 2025, four audit assignments had been fully completed, one assignment was at the draft report stage, seven assignments were in progress, two assignments were at the planning stage, and one assignment had been put on hold until February due to a request from management – this related to a data protection audit which was now due to be completed by mid-February.

Of the four fully completed audit assignments, three had been finalised since the last meeting of the Audit, Governance and Standards Committee. These were Payroll, General Ledger, and Corporate Health and Safety. Payroll had received 'substantial assurance' following audit with only minor issues identified.

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The General Ledger was given 'limited assurance', although it was recognised that considerable progress had been achieved since the last internal audit review. However, at the time of the audit control suspense account reconciliations had not yet been completed 2024/25 and completion of bank reconciliations was behind schedule for both authorities. It was noted that this was mainly due to the legacy issues following implementation of the new finance system after February 2021 and focus on bringing statutory accounts up to date. Internal Audit was due to revisit this area in 2026/27.

The audit of Corporate Health and Safety resulted in 'limited assurance' being provided. This audit was requested by the Council's senior management and resulted in a number of major issues being identified including 59 per cent of new starters since September 2023 not having received Health and Safety Induction training and no standardised means of ensuring role specific health and safety training was being provided. Furthermore, a significant number of service areas did not provide health and safety risk assessments when requested by the auditor.

There were 29 outstanding internal audit recommendations for the Council to action as of the time of report writing. 1 overdue medium priority action related to periodic entitlement review for households in receipt of Council Tax Single Person Discount as last such review took place eight years ago. There was 1 overdue high priority action in relation to assurance that cyber security awareness training had been completed by all elected Members. It was stated that five Members were yet to start this training, and one Member had an outstanding module to complete.

The Committee expressed concern that the cyber security training had not yet been completed by all Members. It was requested that the deadline be set for the remaining Members to complete this training and that political Group Leaders be notified of the Members of their Groups who had not completed the training. In addition, it was asked that the Internal Auditor contact these Members directly with a reminder to complete the training. It was further suggested that assistance could be provided before upcoming committee meetings for the outstanding Members to complete the training, if this could be facilitated. The Committee requested that an update on cyber security training completion be provided at the next meeting.

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The Head of Worcestershire Internal Audit Shared Service highlighted that the preparation of the Internal Audit Plan for 2026/27 had begun. Members were encouraged to contact the Head of Internal Audit until the end of March to provide their feedback and input into the 2026/27 Internal Audit Plan.

## **RESOLVED that**

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

### **40. CAPITAL STRATEGY 2026/27 INCLUDING TREASURY MANAGEMENT STRATEGY**

The Assistant Director Finance and Customer Services introduced the report which set out the Capital, Treasury Management and Investment Strategies. The Council was required to produce these strategies following changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry for Housing, Communities and Local Government guidance. Further, the CIPFA Code of Practice for Treasury Management in Public services (the CIPFA TM Code) and the Prudential Code required local authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year, and these were included within the strategies submitted before Members.

It was explained that the Capital Strategy provided an overarching framework of how the Council planned, financed, and managed capital expenditure to deliver services and maintain financial sustainability. The planned capital expenditure for 2026/27 was £15.5 million of which £3.3 million was for General Fund projects, £11.5 million Housing Revenue Account, and £0.7 million for Towns Fund schemes. Funding sources to cover this capital expenditure were borrowing (£12 million), Council resources (£2.8 million), and external grants (£0.7 million).

As of 31 March 2026, the Capital Financing Requirement (CFR) was forecast at £159.8 million, reducing to £158.2 million by March 2027. This included £10.5 million General Fund and Regeneration and £147.7 million for Housing Revenue Account.

The Treasury Management Strategy detailed how the Council managed its cash flows, borrowing and investments, and the associated risks. The current long-term borrowing by the Council was at £103.9 million related to the Housing Revenue Account (HRA). £6.2 million was invested by the Council with an average

return rate of 4.2 per cent. The Council's investment priorities were security and liquidity over yield with environmental, social and governance principles embedded.

The Investment Strategy covered investments made by the Council. It was noted that the Council only invested for service and regeneration purposes and did not invest for profit. It was highlighted that there were no commercial investments planned by the Council for 2026/27.

The Minimum Revenue Provision (MRP) statement showed, where the Authority finances capital expenditure by debt, the amount charged to the revenue budget for the repayment of debt. It was noted that the purpose of the policy was to ensure borrowing for capital projects was repaid over the life of the asset. It was stated that the Council typically used the annuity method for depreciation, which apportioned depreciation in regular and equal amounts over the life of the asset.

Recommendations to Council as set out in the report were approved by the Committee.

## **RECOMMENDED to Council that**

- 1) The Capital Strategy (Appendix A) as an appropriate overarching strategy for the Council be approved.**
- 2) The Treasury Management Strategy for 2026/27 (Appendix B) and the associated MRP policy (Appendix C) be approved.**
- 3) The Investment Strategy (Appendix D) be approved.**

## **41. REVIEW OF ACCOUNTING POLICIES**

The Accounting Policies report was considered by the Committee, which was asked to review the accounting policies applied in the production of the Council's 2025/26 financial statements. The policies were designed to ensure that the accounts presented a true and fair view of the Council's financial position as at 31 March 2026. Significant policies within the appendix of the report covered revenue and expenditure recognition, accruals (threshold £5,000), treatment of non-current assets, employee benefits, financial instruments, government grants and reserves.

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**RESOLVED that**

**the accounting policies as set out in the appendix to the report are approved.**

## **42. FINANCIAL COMPLIANCE REPORT**

The Financial Compliance Report was presented which detailed the position regarding legislative reporting requirements and the position on submission of the Council's Statements of Accounts.

In reference to key legislative reporting requirements to central Government, it was noted that the Council continued to provide the majority of key legislative deliverables within timeframes. The key outstanding returns remained the VAT returns and Whole of Government Accounts (WOGA).

As reported at previous meetings, although from December 2024 the Council returned to monthly VAT returns, work had continued to provide assurance to HMRC regarding VAT return that had been submitted in December 2024, which covered the previous three years. Additional resources had been added to strengthen the finance team in relation to VAT including a VAT Accountant and mandatory VAT training for all finance staff.

The WOGA had not been produced by the Council for a number of years and required a substantial mapping exercise in order to be undertaken. It was unlikely that the Council would be able to achieve this before the Cycle 2 deadline of 3 October 2026. However, the Council was working to achieve a submission for the 2026/27 financial year.

In relation to the Council's Statements of Accounts, Members were reminded that the Council's External Auditor, Ernst & Young, had started its audit work on the 2023/24 Accounts and it was expected this set of accounts would be disclaimed. The 2024/25 Accounts had been completed by the Government's deadline of 30 June 2025 and the public consultation period for inspection of draft accounts finished on 11 August 2025. These Accounts were expected to be audited close to the Government backstop date of 27 February 2026.

The key recent deliverables achieved since the last meeting were set out which included upgrading the Council's finance system, TechOne to the latest version and setting up a project team to



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reinstall the cash receipting functionality within the system. A question was raised by a Member whether this was the most appropriate option given the issues experienced by the Council with the TechOne cash receipting module following implementation of the TechOne system.

The Assistant Director Finance and Customer Services responded that the Council had three options to consider which were: to fix its current system which was tried and did not work successfully, to purchase a new and different system altogether which would involve a substantial cost, or to reinstall the functionality that is already available as part of the TechOne package. It was highlighted that more local authorities in the UK were now using the TechOne cash receipting module than when the Council first tried to implement it, including Worcestershire County Council now using this platform. In addition, Officers were in discussion with TechOne around specific resource requirements and exact mechanism which would be in place to operate the cash receipting module.

A further question was raised by a Member with regard to the effect of Local Government Reorganisation (LGR) on the situation around the local government audit backlog and how that would be taken into account by the Government. It was noted in response that from a financial perspective any unitary authority would be a completely new organisation. An officer group was being set up across the six district councils and the county council in Worcestershire to assess how the assets and contracts of each authority would be transferred to the new unitary authority, whether a one-unitary model or a north-south model is adopted in Worcestershire. It was highlighted that if the Government approved a north-south unitarisation model in Worcestershire, there would be complexities around splitting current Worcestershire County Council assets.

Members discussed the impact of LGR on Redditch Borough Council. The Portfolio Holder for Finance commented that the Council was in a reasonably strong financial position and possessed clarity on its asset base. It was highlighted that it was important to invest in the Borough's assets before the unitarisation to ensure strong position for Redditch in the new unitary authority structure.

**RESOLVED that**

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- 1) The Committee note the position in relation to the delivery of the 2024/25 Accounts and the auditing of the 2023/24 Accounts.
- 2) The Committee note the position in regard to other financial indicators set out in this report.
- 3) Note the position on the Financial Stability Plan following the successful delivery of the Financial Improvement Plan.

## **43. RISK CHAMPION UPDATE**

There was no Risk Champion update provided at this meeting.

## **44. COMMITTEE WORK PROGRAMME**

It was noted that the Audit, Governance and Standards Committee meeting scheduled for 16 February 2026 was for consideration of three items: the External Auditor's 2024/25 Accounts backstop report, the Risk Management Report for Q2 2025/26, and the presentation on the Council's procedures and processes in the event of a cyber attack, which contained exempt information and would need to be considered, subject to Committee's approval, in exempt (private) session.

### **RESOLVED that**

**the Audit, Governance and Standards Committee Work Programme be noted.**

## **45. EXCLUSION OF THE PUBLIC AND PRESS**

### **RESOLVED that**

**Under S.100 (A) (4) of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded from the meeting for the following matters on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 (A) of the said Act, as amended:**

**Minute Item 46 – Cyber Security Report.**

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## **46. CYBER SECURITY REPORT**

An update was provided on the current position with regards to cyber security within the Council. The position statement discussed outlined the Council's ongoing cyber security initiatives, current threats and achievements, and future planned improvements.

### **RESOLVED that**

**the update on Cyber Security described in this report be noted.**

(During consideration of this item, Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to move to exclude the press and public prior to any debate on the grounds that information would be revealed that included information relating to the financial or business affairs of any particular person (including the authority holding that information)).

The Meeting commenced at 6.30 pm  
and closed at 7.47 pm