

Finance Delivery Plan CPA Assessment Recommendation 5

Ensure the Section 24 Notice and Interim Annual Audit Report recommendations are fully implemented.

This Report will cover:

- 1) Progress and actions arising from the Recommendations contained in the S24 Statement.
- 2) Progress and actions arising from the Recommendations contained in the Draft External Audit Report for 2020/21.

Progress on Recommendations of the Draft External Audit Report for 2020/21

On the 31st October 2022, the Councils External Auditors Grant Thornton issued a S24 Statement in relation to late delivery of the 2020/21 Accounts and a Draft External Audit Report for the 2020/21 Financial year. The External Audit Report had 6 Key Recommendations for Redditch and 13 Improvement Recommendations.

The initial responses to the **Statutory Recommendations** were included in the reports that went to Audit Committees, and Executive and Council in November. The Statutory Recommendation set out the following:

Financial Systems and Governance

The Council cannot yet produce its 2020/21 Draft statements of accounts due to long-standing issues in relation to cash receipting requiring resolution. The Council must ensure that arrangements allow for the successful implementation of the remaining issues with its ERP system, with long-standing issues being resolved to allow key elements of financial governance and compliance to be undertaken routinely and in a timely manner. In order to achieve this the Council should:

- ensure the Council has access to the necessary knowledge and expertise to resolve the remaining key issues with the ERP system in a timely manner to provide management with sufficient assurance over the completeness and veracity of the data included within the system;
- undertake appropriate testing of the fixes and ensure that appropriate sign-off of these is received prior to running them on live system data; and
- ensure budget holders and other relevant officers possess the skills and knowledge to appropriately use the ERP system as intended, including relevant training and updates to key documentation and process manuals.

Once system issues are properly resolved, the Council must:

- undertake key control activities such as bank and control account reconciliations on a monthly basis and ensure that these are kept up to date;
- produce the 2020/21 and 2021/22 draft financial statements, along with high quality supporting working papers;
- conclude the 2020/21 and 2021/22 RO and CO submissions, and other key Government returns including Whole of Government Accounts; and

- ensure timely reporting of budget outturns and report publicly on in-year financial monitoring, including updates on the capital programme and savings scheme achievement.

The Council's response, as set out in the S24 notice issued on the 31st October stated that:

- The Finance Recovery Plan which is a wider schedule of finance deliverables – monitoring, delivery of returns, budget, reported to CMT on a Monthly basis, and reviewed by the Senior Finance Team on a weekly basis.
- Weekly meetings held both internally on reconciliation and associated issues. Monthly ERP Board is in place. Two weekly meetings on utilisation of assets.
- Cash Receipting issues escalated on Tech1 side to worldwide Head of Local Government (met 6 July 2022) for resolution. Solution implemented on the 5/6th November 2022 to ensure cash receipting relates to the 3 specific entities at both Councils.
- The Council is the first and only TechOne user for cash receipting and there is limited Tech1 expertise to resolve ongoing design issues which require scheduling.
- System Tech1 expertise was commissioned to fully document the solution in October to aid full understanding.
- The Council have Documented a plan to correct 20/21 and 21/22 entries which will be reviewed by Internal Audit before being presented to External Audit.
- Handovers have taken place to new establishment Staff who were on-boarded up to August 22 in preparation for delivery of 20/21 accounts and user training.
- Financial Governance is being reviewed as part of Finance Recovery plan and is basis for revised training and responsibilities being implemented in the Autumn.
- User Guides and manuals being redrafted for Autumn training launches.
- Tech1 User Group set up in September to assess documentation and support across the Sector.
- Tech1 has the Tech1 University which is comprehensive but not site specific to base documentaiton on. Staff have access to this to deliver updated guides and manuals.
- Staff in place to undertake bank rec but this was dependent on final cash receipting fix, which happened on the 5/6th November 2022. Bank reconciliation on system could only start following the fix as it was causing more transactions to be produced.
- Other monthly controls set up for the end of August.
- Internal Audit Recommendations will be added to the Recovery plan
- Members have been updated on issues through Audit Committee and Executive during 2022.

Since the initial response to the S24 Statutory Notice and it's associated recommendations, the following progress has been made:

S 24 Statement Progress

a) Redditch

- An Emergency Audit Governance and Standards Committee was convened on the 10th November to review the Reports (minutes available). At that committee it was decided that Audit, Governance and Standards Committee would change its frequency to every 2 months to ensure challenging progress and ensuring the recommendations of the S24 Statement and the Draft External Audit Report were implemented.
- Council debated the issue 14th November (minutes available).

- An Emergency Audit, Governance and Standards Committee convened on the 15th December to review the draft Accounts for comment (minutes available).
- Audit, Governance and Standards Committee on the 26th January, reviewed progress.
- Auditors were on site from Wednesday 25th January. They have started their work by reviewing the data transfer balances (old to new system) and it has been agreed between the Auditors and the Council that draft 20/21 Accounts will be provided to Auditors after both sides have signed off the data take on balances. It was expected that this work would be complete by the 30th April 2023 but the Auditors require more assurance.
- The Audit, Governance and Standards Committee on the 23rd March also had an update on progress on the Statement of Accounts and the Internal Audit Progress Report.
- On the 23rd March, the Committee had for the first time an Accounting Policies Report. **The Accounting Policies Report will go to every Audit Committee and sets out:**
 - The Accounting Policies being used their Source and associated Governance Arrangements be noted.
 - The Accounting Policies report be considered at each Audit, Governance and Standards Committee meeting to alert Members to possible no compliance issues.
 - On the 23rd March it also included the Bromsgrove District Council Audit Task Group Report into the issuing of the S24 Statement be noted.

In addition, The Audit, Governance and Standards Committee RECOMMENDED that Any improvements arising from the recommendations in the Bromsgrove District Council Audit Task Group Report into the issuing of the S24 Statement be considered by Executive.

- Noted that they have produced Rubicon Accounts for 20/21 in June 2022 and have produced the 2021/22 accounts by 31/3/23 as per companies act requirements but had a disclaimer opinion due to the Council Accounts not being closed for 2021/22 and possible transactions belonging to Rubicon being part of Council balances.
- At the Audit, Governance and Standards Committee on the 30th May 2023, the external Auditors estimated that the 2020/21 Accounts Audit would be completed by November 2023 and that each subsequent year would take 6 months to complete. These updates are reflected in the closure section below.

b) Officer side

C1) Closure

- Data Take on working paper had completed ready for Auditors (efin to tech1) including description of issues found while undertaking the reconciliation. First meeting with the external auditors with all this information held on the 11th January 2023. Data take on is key given that treatments have to be agreed as the starting point and this is where the Auditors are starting their work.
- A Solution to the cash receipting issues were finally resolved in the live environment on the 5/6th November 2022.
- Draft accounts produced between 6 November and 14th December for Audit Committee. In the Audit Committee meetings it was highlighted that items in suspense were still higher than wanted and will work on driving numbers down before have to issue the final draft accounts.
- An audit deliverables list supplied by the External Auditors on the 16th January in preparation for arrival on 23 January.
- Rubicon Accounts (20/21 delivered by 30/6/22, 21/22 need to be delivered by 31/3/23 but with a disclaimer opinion.

- **The key closure deliverables for each financial year are set out below. The owner of these deliverables are the S151 and Deputy S151 Officers. Closure and Audit of the 2020/21 Accounts delivers the S24 Recommendations. The owners of these deliverables are the S151 and Deputy S151 Officers:**
 - Closure 2020/21
 - Agreement of Treatment of Take on Balances – April 23
 - Provision of Draft 2020/21 Accounts to Audit (to begin Audit) 28th April 23. This is dependent on the External Auditors confirmation that they have approved both Council’s take-on balances work. The auditors are having issues in how they need to test the transactional data due to their “normal” models not working on our data.
 - 2020/21 Audit – July to September 23 (estimated)
 - Sign Off of 20/21 Accounts - November 2023
 - Closure 2021/22
 - Updated Outturn position – July 2023
 - Draft Accounts to Auditors November 2023
 - Audit of Accounts December to February
 - Sign off of the Accounts – May 2024
 - Closure 2022/23
 - Budget Manager Closure Training – 23rd-28th March 2023 – 83 staff attended closure training at the end of March.
 - Completion of “nuts & bolts” 2022/23 closure – 28th April 2023 – “Nuts and Bolts” items input by the 28th April.
 - Provisional Outturn Report – July 2023 – A draft outturn report will be presented to CMT on 28/6. This will show outturn as well as amount in suspense to be cleared. It will be refined for PHB before proceeding to Executive in July.
 - Draft Accounts to Audit – November 2024

C2) Wider Actions linked to the S24 Recommendation

- Finance Delivery Plan and overall deliverables converted to more BAU with an Assurance Meeting (last Wednesday CMT each month) taking items on board. Updated report format showing deliverables (linked to the Accounting Policies Report) launched in March 2023.
- Lanluas, a TechOne consultancy, has undertaken a TechOne Health check on 7/8/16/17 November with deliverables reports. This identifies areas where the Council can move the system forward. Following the upgrade more independent resource will be commissioned to ensure full system functionality is leveraged.
- TechOne now using AMS days to ensure other priorities delivered now that the cash receipting solution has been fixed on 5/6 November
- The Council are Upgrading TechOne to latest version with regression testing under way. It was expected this would go live in March 2023 but the Council are delaying this to June and will move to the latest version at that point. The delay is due to the fact that TechOne Cash Receipting consultants will be in the UK in Early June and their time is being books so this work can be done “face to face” given the Council is still the only TechOne Cash Receipting user and specific testing must be undertaken in this area.
- Additional reconciliation staff were engaged in February to address the backlog in suspense and key reconciliations to get the Council up to date.

- Back Office Protocols launched in December. This sets out what the “back office” provides and what the expectations are for Service managers. Finance services are a considerable part of these protocols.
- Implementation of controls is very dependent on completing clearance of suspense items which we have engaged additional staff.
- Still an issue replacing staff – due to Market shortages which are now more acute and driving up day rates. The Head of Finances maternity leave has been covered for a year with the replacement starting in the first week of May to allow handover. We are still struggling with recruitment (agency) of a Chief Accountant and a Head of Management Accountancy.
- **Progress on the following key financial and compliance indicators are reported monthly to CMT monthly and to both Audit Committees bi-monthly by the S151/Deputy 151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group:**
 - Budget
 - Delivered by 11th March in preceding financial year – **delivered Feb 2023**
 - Council Tax Base – Yearly – **2023/24 delivered in January 2023**
 - Council Tax Resolution – **Yearly 2023/4 delivered in February 2023**
 - Council Tax Billing – Yearly (2 weeks before 1st DD is due to be taken) – **Bills distributed in March 2023**
 - Closure
 - Draft Accounts delivered to Audit by 30th June
 - Audit Completed by 30th November (will change in 22/23 Audit)
 - Government Returns
 - VAT – Monthly
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - Revenue Outturn Reports – July
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - Capital Outturn Reports – July
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - Quarterly Revenue Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered)**
 - Quarterly Capital Outturn Estimates
 - **Quarters 1-3 delivered (have warnings from previous year as not delivered) Q4 to be delivered on 21st April 2023**
 - Quarterly Borrowing Return
 - **22/23 Quarterly Returns delivered - Q4 delivered on 11th April 2023**
 - Quarterly Council Tax and Business Rates Returns
 - **22/23 Quarterly Returns delivered - Q4 due 5th May 2023**
 - Whole of Government Accounts Returns – August
 - **Still to be delivered for 20/21 – dependent on closure of accounts**
 - RA – Revenue Budgets – April
 - **2022/23 Delivered on the 5th May 2022 and 2023/24 delivered on 14th April 2023**
 - Capital Estimates Return – **to be delivered by 24th March 2023**
 - Public Works Loans Board Certainty Rate – April
 - **2022/3 delivered on 28th April 2022**
 - Pooling of Housing Capital Receipts – May
 - **2022/23 Delivered 13th May**
 - NNDR1 Return (Business Rates) – January

- **Delivered December 2021 for 2022/23 and January 2023 for 2023/24 return**
 - NNDR3 Return (Business Rates) – June and September
 - **Delivered in June 22 for 2022/23**
 - **Draft 22/23 NNDR3 provided to Worcestershire County Council for view of the pool. Final draft NNDR3 to be submitted to DLUHC by 30th April 2023**
 - Housing Benefit Subsidy Return – Yearly
 - **Sent 29th April 2022**
 - **2022/23 subsidy return due to be delivered on 28th April 2023**
 - DHP Claim – Yearly
 - **Sent 29th April 2022**
 - CTB1 (Council Tax Base) – October
 - **Sent October 2022**
 - CTR1(Council Tax Requirement) – March
 - **22/23 sent 16 March 2022**
 - **23/24 sent 7 March 2023**
- Policies
 - Treasury and Asset Management Strategies
 - Initial Strategies as part of the MTFP – **2023/4 Strategy Approved in March 2023**
 - Half Yearly Report
 - **Update provided in Q1 Revenue Return**
 - Yearly Outturn Report
 - **To be produced in July**
 - Council Tax Support Scheme – Yearly – **Approved in Jan 2023 after consultation**
 - Minimum Revenue Provision – yearly – **Approved as part of the 2023/4 to 2025/6 Medium Term Financial Plan**

Local indicators include:

- Financial Monitoring – quarterly – **quarters 1-3 2023 delivered in September, November and March**
- Risk Management – quarterly – **2023 updates delivered in July, November, January and May.**
- Financial Controls (still in development)
 - Clearance of suspense accounts
 - Bank Reconciliation
- Over £500 spending.
 - **Updated to February 2023**

The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2020/21 and 2021/22. Although the Government now allow these returns to be completed based on estimates, the level of uncertainty due to the Cash Receipting means these cannot be completed until the External Auditors sign off the Councils take on balances and the Council provides the draft accounts to Audit for each Council.

C3) Compliance

There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of the Draft External Audit Report 2020/21. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils. Not all these measures can be put in place instantly but there should be the full suite by the

middle of the summer (Debt indicators depend on the clearing of suspense and the updating of the bank reconciliations).

Training:

- Number on Closure Training 23, 24, 27, 28 March – by Service Area – 83 attended.
- Number on Mandatory Budget Manager Training – June/July - by Service Area – Corporate Finance team trained on budget loading processes on 20th April.
- Number on Mandatory Financial Awareness Training – June – by Service Area
- Number on TechOne Budget Manager Training June/July – by Service Area.
- Number on Payments Purchase Order Training (Monthly) by Service Area.

Errors:

- Non delivery of GPC Card Data (monthly basis) – will begin in Quarter 1 23/24.
- Mis-codings on TechOne per month – by Service Area - will begin in Quarter 1 23/24.

Process updates:

- Finance time to respond to queries
 - Finance
 - Payments and Insurance
 - Income
- Procurement
 - The new 'No Compliance No Order' process has been live a month now, we have a few issues to resolve with T1 but hoping these will be resolved with the upgrade on the system.
 - Many departments are now proactively getting quotations for lower value works. A lot of the issues we have are now training issues that are being resolved.
 - We still have no contracts for garage related matters, but we now have dates for these to be resolved by and a meeting is to be set up monthly to ensure progress on these.
 - The number of contracts in place is growing regularly and we are confident that this process is having a positive effect. We hope that eventually we get to the place where the number of orders coming to us is minimal.
 - A spreadsheet is being collated for requests with no contracts and we will discuss this with teams going forward. We hope that eventually we get the place where the number of orders coming to us is minimal.

General Finance Indicators:

- Council Tax collection rates – 2022/23 RBC 95.7%, April 2023 so far RBC 8.9%, April 2023 so far
- Business rates collection rates - 2022/23 RBC 94.8%, April 2023 so far RBC 6.8%
- Number of invoices paid within 30 days – update to be provided in next report
- Outstanding debt over 30 days (Accounts Receivable) – RBC £1.7m, Rubicon £0.2m
- Bank reconciliations – significant progress on 2021/22 reconciliation
- Volume of items in suspense:

	2021/22 (work ongoing to transfer items out of suspense)	2022/23

	Number of Transactions on Suspense Codes (including any correcting lines)	Value (£m)	Number of Transactions on Suspense Codes (including correcting lines)	Value (£m)
RBC	28,846	(17.9)	18,146	25.1
Rubicon	-	-	2,994	1.3

Draft External Auditors Annual Report 2020/21

Statutory Recommendation – see above

On the 31st October 2022, the Councils External Auditors Grant Thornton issue a Draft External Audit Report for the 2020/21 Financial year. The External Audit Report had 6 Key Recommendations for Redditch and 13 Improvement Recommendations.

The initial responses to the 6 recommendations are included in the reports that went to both Audit Committees, and Executive and Council in November are as follows:

Recommendation 1

The Council needs to ensure that the Medium Term Financial Plan presented to Members is completely transparent regarding the financial challenge and that any savings schemes included are fully worked up and approved by Members in advance.

Council Response 31st October –

- Unallocated savings amount from the existing MTFP has been highlighted in the Q1 monitoring that went to Executive in September. Decision has been taken to apply these amounts to vacancies at Q2 to resolve the issue. This was reflected in the Q2 monitoring which was presented to Executive in November.
- 2023/24 MTFP will be delivered in 2 Tranches. As set out in the existing MTFP there is a deficit of £949k to close in 2023/24 rising to £1,040k in 2025/26. Tranche 1 documentation was presented to Cabinet on the 26th October sets out how could be bridged without the use of Reserves. Fuller detail is given on underlying assumptions and a Savings Proposal Document gives the required transparency and allocation to the correct budgets.

- Given the present financial crisis, and including inflation running at over 10%, with utilities even higher, the Tranche 1 Reports have a draft Robustness statement setting out the viability of the budget at this time as the projected Gap with present inflationary and utility pressures would extinguish reserves within 2 years.
- 20/21 forecast outturn report presented to Executive in January 2021.
- 21/22 P11 set out that revenue would be delivered within budget, confirming the savings built into the budget were anticipated to be delivered in year.

Recommendation 2

The Council needs to ensure that key reports and appropriate supporting documentation are provided to Members in a timely way and in an accordance with relevant Codes of Practice.

Council Response 31st October –

- Updated Capital Strategy, Treasury Management Strategy, MRP Policy for the 2022/23 Financial year was presented to Executive for approval and then Council in July.

Recommendation 3

The Council needs to improve management of key projects, such as the financial ledger implementation, to ensure that expected benefits are realised. As part of this the Council needs to undertake a comprehensive review of the financial ledger implementation and ensure lessons are learned for future key projects.

Council Response 31st October –

- The Council has set up a Back Office Working Group which meets on a 2 weekly basis. Part of this groups remit is to “gatekeep” major projects to ensure the correct resources are allocated to projects up front and that there is clarity if an initiative cannot be resourced and this is linked to benefits realisation. This also applies to ongoing contract management.
- A Level 4 Group, which is a sub Group of CMT, now meets on a 2 weekly basis. Part of the remit of this group, which is cross Council, is to future scan for new “projects” and again ensure the right officers/expertise is involved from initiation.
- The Present MTFP has assessed projects and deliverability.
- Key Council projects are reported to CMT on a Quarterly basis for review.
- The present CIVICA implementation has taken on board learning points around interfaces and reconciliations from the ERP implementation with significant Finance input to ensure full system integration to Tech1 and the Benefits system.
- That a shortcoming of the ERP implementation – full documentation of the system is now being addressed through a third party.
- The ERP was implemented in a time of restrictions due to C-19. A key learning point has been the limitations of remote working on a major implementation and the effects on staff – most of whom have left the Authority.
- A full post implementation review will take place once the system moves to steady state.

Recommendation 4

The Council should review and implement effective governance arrangements in respect of performance monitoring to allow Members to make informed decisions. In order to achieve this the Council should reinstate public reporting on performance, linking this to the Council Plan and the related strategic objectives, allowing Members to scrutinise performance. This should be done at least twice per year.

Council Response 31st October –

- During this period the council did have a corporate performance dashboard which was available to Members. This is now being replaced with a Power BI based application. The corporate management team currently have access to this new application. Member access will be available by the end of 2022.
- The Q1 2022/23 Finance and Performance Monitoring Report was presented to Members in September. This has been reviewed by the Budget Working Group in September.
- CMT reviews performance data on a monthly basis as part of its monthly assurance meeting
- The Q2 Finance and Performance Monitoring Report will be presented to Executive in November.

Recommendation 5

The Council should review and implement effective governance arrangements in respect of risk monitoring to allow Members to make informed decisions. In order to achieve this the Council should make risk management reporting a standing item on the Audit, Governance and Standards Committee agenda, with Members considering the Corporate Risk Register and Risk Management arrangements in an appropriate forum.

Council Response 31st October –

- Risk Management was relaunched in April and went to both Executive and Audit Committees in July 2022 as part of a quarterly monitoring regime.
- An updated Risk Approach agreed by CMT in April 2022.
- Risk data is reviewed monthly by Departmental Management Teams, quarterly by a Council wide officer risk board before being presented to CMT as part of the Assurance meeting.
- The Risk Management report to the 21st September will be presented to both Executive and Audit Committee in October.
- Risk Management is planned to be reported quarterly to Audit Committee.
- Internal Audit have recently conducted a follow up Audit on Risk Management where progress on the Risk Action plan was reviewed.

Recommendation 6

The Council should ensure timely and relevant financial monitoring reporting is undertaken and presented to the appropriate public forum.

Council Response 31st October –

- As reflected above financial monitoring was delivered for P11 in 2021/22.
- There was internal financial reporting in 21/22 to managers to ensure operation delivery could be maintained.
- There is a monthly CMT Assurance meeting where progress on key controls is reviewed.
- The 2022/23 Q1 combined Finance and Performance monitoring was presented to Executive in September.
- Unallocated savings amount from the existing MTFP of £595k has been highlighted in the Q1 monitoring that went to Executive in September. Decision has been taken to apply these amounts to vacancies at Q2 to resolve the issue. This will be reflected in the Q2 monitoring which will be presented to Executive in November.

- The 2022/23 Q2 Combined Finance and Performance Monitoring will be delivered to Executive in November.
- The Tranche 1 2023/24 Budget (see Recommendation 1) sets out the ongoing position and moves to balance the budget. This will be presented to Executive in October.

Progress on Key Recommendations since 31st October have been:

- The Council has resolved Cash Receipting Issue, and is in the process of upgrading the TechOne system so that it is the latest release. TechOne AMS support days, which were being used to clear the Cash Receipting issue are now reducing the overall issue list (which is down to 17 logged issues). This resource can also start to be proactively used for training. We also will be engaging again with Lanlaus for external support and to drive improvements forward.
 - **Once TechOne is updated the Council will engage with Lanlaus for further system improvements and efficiencies.**
- With the issuing of the back-office protocols, and the impending upgrading of TechOne, there will be the requirement at year end to undertake a significant tranche of retraining on system and wider back office “requirements. This includes budget monitoring (system and finance perspectives). These training requirements and respective delivery timescales have been detailed earlier in this document.
 - **Delivery of Financial training detailed in this document will move staff to right level of skills.**
 - **TechOne will be upgraded to the latest version in June 2023.**
- There is still a resource issue across both Councils with vacancies covered by Agency and temporary staff. The Council, through WM Employers have been engaged with Opus since the 1st April to deliver and more closely manage agency staff and reduce vacancies.
- Financial monitoring activities are now combined with performance reporting, and this is provided to Members on a quarterly basis with Quarters 1, 2 and 3 having been provided to both Cabinet and Executive and also the appropriate scrutiny committees. Monitoring is a significant overspending position in both Councils due to a number of factors including the pay award. Unallocated savings amounts from previous years in both Councils have been either cleared or reduced to a low figure.
 - **Quarterly combined financial and performance monitoring will continue in 2023/4.**
- The 2023/24 Budget is being delivered in two tranches:
 - Tranche 1 has been approved by both Councils (December and January)
 - Tranche 2 in Redditch
 - 23/4 is a £311k deficit, reducing to £67k and then a £63k surplus in 25/6
 - Reserve have been fully reviewed with G/F balances at the end of the period £2.1m and Earmarked Reserves £4m.
 - Capital programme concentration is on time limited Towns Fund Schemes with the high-cost fleet replacement being deferred until more clarity on Environment Bill with fleet being refurbished instead.
 - The Savings Document in Tranche 1 did have a consultation section, but there were no responses. This needs to be rethought in future years.
 - As per Robustness Statement there is still significant Risk – although most of this is sector wide.
 - Tranche 2 in Bromsgrove
 - 23/4 is a £250k deficit, reducing to £44k surplus before increasing to a £431 deficit in 25/6.

- Reserve have been fully reviewed with G/F balances at the end of the period £5.6m and Earmarked Reserves at £4.8m.
 - Capital programme concentration is on time limited Levelling Up Fund Schemes with high-cost fleet replacement being deferred until more clarity on Environment Bill with fleet being refurbished instead.
 - The Savings Document in Tranche 1 did have a consultation section, but there were no responses. This needs to be rethought in future years.
 - As per Robustness Statement still significant Risk – although most of this is sector wide.
- **The 2024/5 MTFP will start in the summer. As part of this process the approach to consultation will be rethought.**
- **The MTFP will include Scenario analysis given short term Government guidance on central support.**
- Capital and Treasury Management Strategies have been delivered as part of both the 2022/3 budget process and the 23/4 process:
 - Strategy Documents provided as part of Tranche 2 of the budget.
 - Update for 22/23 indicators in Quarter 1 monitoring as needed to change the cash at bank Indicator.
- Working Groups meeting that span levels of control below CMT to ensure projects and projects delivery are more joined up:
 - Final CMT meeting each month is on assurance and reviewing where the Council is on those matters. This now includes a review on progress with outstanding Internal Audit Recommendations.
 - This includes an update from the 4th Tier and Back Office Working Groups
 - Bromsgrove Audit Task Group report assessing why the S24 was issued and this fed into March Audit Governance and Standards Committee and the Peer Review.
 - **Integrate/endorse Audit Task Group Recommendations**
- Risk Management, has improved from a Limited Assurance rating in March 2022 to a Moderate Assurance level in April 2023, through the implementation plan which is now being embedded (and a further follow up internal audit has just been scoped to review progress) as part of business as usual has been through three reporting cycles to CMT and the respective Audit Committee. Next deliverable will be, following the elections in May, a review of the Audit Committee and Executive's view of Risk.
 - **Run Risk workshops to assess Risk Appetite of Audit Committees.**
 - **Implement Internal Audit Risk Review recommendations.**
 - **Change order of Audit Committee to deal with risk earlier as per the Recommendations of the Audit Task Group.**

The Draft External Audit Report 2020/21 also had Improvement Recommendations. Those not already mentioned above and required to be assessed/implemented are:

- Capital monitoring is being integrated with normal reporting. This is part of the assurance reports that come to CMT. In addition, there is a Governance Group meeting bi monthly that oversees the “major projects” such and Levelling Up Fund and Town Fund which is where the majority of the spend takes place.
- We are in the process of implementing a workforce plan and this went to Cabinet/Executive in November. Retaining and attracting staff is a major issue for councils in Worcestershire.

- We are still to use the CIPFA comparative data fully although we do now have access to it through the CIPFA Benchmarking Club.
- We have clear procurement policies and have done extensive training with staff. The major issue has been culture change to compliance with process.

Actions

- **The Accounting Policies Report will go to every Audit Committee.**
- **The key closure deliverables for each financial year are set out below. The owner of these deliverables are the S151 and Deputy S151 Officers. Closure and Audit of the 2020/21 Accounts delivers the S24 Recommendations. The owners of these deliverables are the S151 and Deputy S151 Officers.**
- **Progress on the following key financial and compliance indicators are reported monthly to CMT monthly and to both Audit Committees bi-monthly by the S151/Deputy 151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group.**
- **Delivery of Financial training detailed in this document will move staff to right level of skills.**
- **TechOne will be upgraded to the latest version in June 2023.**
- **Once TechOne is updated the Council will engage with Lanlaus for further system improvements and efficiencies.**
- **Quarterly combined financial and performance monitoring will continue in 2023/4.**
- **The 2024/5 MTFP will start in the summer. As part of this process the approach to consultation will be rethought.**
- **The MTFP will include Scenario analysis given short term Government guidance on central support.**
- **Integrate/endorse Audit Task Group Recommendations**
- **Run Risk workshops to assess Risk Appetite of Audit Committees.**
- **Implement Internal Audit Risk Review recommendations.**
- **Change order of Audit Committees to deal with risk earlier as per the Recommendations of the Audit Task Group.**

Appendix A Recommendations of the Audit Task Group

The following 10 general recommendations and 4 ERP recommendations are the findings of the Audit Task Group which reported to both Bromsgrove Audit Standards and Governance Committees on the 9th March 2023 and Redditch Audit Governance and Standards Committee on the 23rd March 2023. These recommendations now form part of the overall finance recovery program.

1. Recommendations

1. BDC to ensure that subject specialists, internal or external, are involved in the design of relevant procurement specifications for all major projects.
2. Given a number of substantial and important projects on the horizon for BDC, set up a permanent Project Management Office at BDC to support the full range of projects undertaken by the Council. This Project Management Office would report to CMT/ SMT as part of its remit. CMT is tasked with setting out the requirements of this new programme office and resource requirements to ensure compliance with the recommendations in this Report. This Report will be presented to the first Cabinet meeting after the BDC elections in May 2023.
3. In order to establish that a system chosen is fit for purpose, future scoring criteria as part of all procurement exercises will include the need for evidence that the system on offer to BDC is tried and tested.
4. Internal Audit should be cited on all major projects, together with a professional member of the Project Management Office. If necessary, independent or peer validation of technical specifications and/or bid due diligence should be considered.
5. Staff required on any major projects should be backfilled, to ensure no work over-load impacting BDC staff well-being.
6. Should staff training be required as part of any new system or project implementation, BDC as a purchaser of that system/solution, should ensure that all training requirements are included as part of the project specification.
7. The Agile Working Policy should take account of the need, from time to time, for officers to work collaboratively and in line with the needs of the project.
8. The Council should fully and accurately record action points at project board meetings (and potentially, other Council meetings). They should then be implemented by the specific person responsible and reported upon at the following project meeting within a suitable and reasonable time scale. Where this is not possible, there should be RAG rating to escalate this further, to secure a suitable resolution is discussed by the relevant project team.
9. Officers, as a standard Report, will highlight to Audit, Standards and Governance Committee any possible finance and governance issues in the next six months not delivering to standard or timescales. This will include the timescales of delivery of finance training, delivery of VAT returns, delivery of the 2021/22 and 2022/23 accounts.
10. The Corporate Risk Register to be discussed as an early item on the agenda at meetings of the Audit, Standards and Governance Committee. Any risks are to be clearly flagged to the members of the Committee, particularly where they are rated as red.

ERP Recommendations

1. All finance staff and Council users are to be trained as a matter of urgency and no later than by 31st August 2023 on how to use the ERP system and that the progress with this is reported to the next meeting of the Audit, Standards and Governance Committee as a regular agenda item.
2. BDC to work with a specialist with the knowledge of the TechOne

system and Cash Receipting to help in real time with the completion of the implementation of the new ERP system and all of its components and to help with any training needs and improvements to the system.

3. VAT returns to be up to date for 2020-21 and 2021-2022 by the end of May 2023 and for 2022-2023 by the end of August 2023.

4. The 2021-2022 Accounts to be in draft format by 30th June 2023. 5. The 2022-2023 Accounts to be in draft format by 30th September 2023.

(All of the above milestones will be dependent on resources and will be reported to the Committee as per recommendation 9 above.)