



## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

**THURSDAY 19TH JANUARY 2023**

**AT 6.00 P.M.**

**PARKSIDE SUITE - PARKSIDE**

**MEMBERS:** Councillors A. D. Kriss (Vice-Chairman), A. J. B. Beaumont, S. R. Colella, R. E. Jenkins, J. E. King, L. C. R. Mallett, M. Middleton, C. J. Spencer and P. J. Whittaker

### **AGENDA**

1. **Election of Chairman of the Audit, Standards and Governance Committee for the remainder of the municipal year 2022-23**

2. **Apologies for Absence and Named Substitutes**

3. **Declarations of Interest and Whipping Arrangements**

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

4. **To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 14th December 2022 (Pages 1 - 8)**

5. **Election of a Risk Champion**

Report to Follow

6. **Standards Regime - Monitoring Officer's Report (Pages 9 - 12)**

7. **Verbal Update on submission of Statement of Accounts 2020-21**
8. **Internal Audit Progress Report** (Pages 13 - 72)
9. **Financial Savings Monitoring Report** (Pages 73 - 82)
10. **Risk Report** (Pages 83 - 88)
11. **Root and Branch Review of how the Council arrived at the Section 24 Notice** (Pages 89 - 98)

To launch and establish the membership of the review task group.

12. **Audit, Standards and Governance Committee Work Programme** (Pages 99 - 100)

K. DICKS  
Chief Executive

Parkside  
Market Street  
BROMSGROVE  
Worcestershire  
B61 8DA

11th January 2023

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

**Parkside, Market Street, Bromsgrove, B61 8DA**

**Tel: (01527) 64252 Ext: 3095**

**Email: [mateusz.sliwinski@bromsgroveandredditch.gov.uk](mailto:mateusz.sliwinski@bromsgroveandredditch.gov.uk)**

## **GUIDANCE ON FACE-TO-FACE MEETINGS**

**At the current time, seating at the meeting will be placed in such a way as to achieve as much space as possible for social distancing to help protect meeting participants.**

**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**

Members and Officers who still have access to lateral flow tests (LFTs) are encouraged to take a test on the day of the meeting. Meeting attendees who do not have access to LFTs are encouraged not to attend a Committee if they have if they have common cold symptoms or any of the following common symptoms of Covid-19 on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

The meeting venue will be fully ventilated, and Members and officers may need to consider wearing appropriate clothing in order to remain comfortable during proceedings.

### **PUBLIC ATTENDANCE AT MEETINGS**

Members of the public will be able to access the meeting if they wish to do so. Seating will be placed in such a way as to achieve as much space as possible for social distancing to help protect meeting participants. It should be noted that members of the public who choose to attend in person do so at their own risk.

Members of the public who still have access to lateral flow tests (LFTs) are encouraged to take a test on the day of the meeting. Meeting attendees who do not have access to LFTs are encouraged not to attend a Committee if they have any of the following common symptoms of 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.**



## **INFORMATION FOR THE PUBLIC**

### **Access to Information**

The Local Government (Access to Information) Act 1985 widened the rights of press and public to attend Local Authority meetings and to see certain documents. Recently the Freedom of Information Act 2000 has further broadened these rights, and limited exemptions under the 1985 Act.

- You can inspect agenda and public reports at least five days before the date of the meeting.
- You can inspect minutes of the Council, Cabinet and its Committees/Boards for up to six years following a meeting.
- You can have access, upon request, to the background papers on which reports are based for a period of up to six years from the date of the meeting. These are listed at the end of each report.
- An electronic register stating the names and addresses and electoral areas of all Councillors with details of the membership of all Committees etc. is available on our website.
- A reasonable number of copies of agendas and reports relating to items to be considered in public will be made available to the public attending meetings of the Council, Cabinet and its Committees/Boards.
- You have access to a list specifying those powers which the Council has delegated to its Officers indicating also the titles of the Officers concerned, as detailed in the Council's Constitution, Scheme of Delegation.

You can access the following documents:

- Meeting Agendas
- Meeting Minutes
- The Council's Constitution

at [www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

This page is intentionally left blank

# Agenda Item 4

Audit, Standards and Governance Committee  
14th December 2022

## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

**WEDNESDAY 14TH DECEMBER 2022, AT 6.00 P.M.**

PRESENT: Councillors A. J. B. Beaumont, R. E. Jenkins, J. E. King, C. J. Spencer, P. J. Whittaker, R. J. Deeming (Substitute), A. J. B. Beaumont, R. E. Jenkins, J. E. King, J. Till (Substitute), C. J. Spencer, C.A. Hotham (Substitute) and P. J. Whittaker

In attendance: Mr Jackson Murray – Grant Thornton (on Microsoft Teams)

Officers: Mr P. Carpenter, Mrs. C. Felton, Ms M. Howell and Mr. A. Bromage (on Microsoft Teams), Mrs. C. Felton (on Microsoft Teams) and Mr. M. Sliwinski

33/22

#### **ELECTION OF THE CHAIRMAN FOR THIS MEETING**

As apologies had been submitted by the Vice-Chairman, the Committee was requested to elect a chairperson for this meeting.

On being put to the vote it was

**RESOLVED** that Councillor P. Whittaker be elected as Chairman for the meeting of the Audit, Standards and Governance Committee on 14<sup>th</sup> December 2022.

34/22

#### **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received from Councillors L. Mallett, A. Kriss, M. Middleton, and K. Van Der Plank.

Councillors R. Deeming, J. Till, and C. Hotham attended the meeting as named substitutes for Councillors A. Kriss, M. Middleton, and K. Van Der Plank respectively.

35/22

#### **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no Declarations of Interest nor of any Whipping Arrangements.

36/22

#### **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT,**

## **STANDARDS AND GOVERNANCE COMMITTEE MEETINGS HELD ON 13TH OCTOBER AND 9TH NOVEMBER 2022.**

The minutes of the Audit, Standards and Governance Committee meetings held on 13<sup>th</sup> October 2022 and 9<sup>th</sup> November 2022 were submitted for Members' consideration.

Some Members asked for information with respect of the number of local authorities where Grant Thornton provided external audit services in the 2020/21 financial year and the proportion of these authorities that had not yet had their audit opinions issued for 2020/21. Officers clarified that the response to these questions had been provided to all Committee Members via email on 11<sup>th</sup> November 2022.

**RESOLVED** that the minutes of the Audit, Standards and Governance Committee meetings held on 13th October 2022 and 9th November 2022 be approved as a true and correct record and signed by the Chairman.

37/22

## **ANNUAL GOVERNANCE STATEMENT 2020-21**

The Interim Director of Finance presented the Annual Governance Statement 2020/21 and in doing so highlighted that the Annual Governance Statement (AGS) formed part of the annual closure of accounts process and provided a corporate overview of the processes and procedures adopted by the Council to manage its affairs.

The preparation of an Annual Governance Statement (AGS) was necessary to meet the statutory requirements as set out in the Accounts and Audit (England) Regulations 2015. The Council's AGS included the review of effectiveness of the Council's governance arrangements and commentary on significant governance issues in 2020/21 and the up-to-date information on their resolution status under the 'progress' column in the AGS document.

Following the presentation, a number of questions were asked by Members to which the following responses were provided:

- Officers clarified that the purpose of this Annual Governance Statement was to provide the Council's governance position as of 2020/21 financial year with sections on significant governance issues including governance recommendations from the Section 24 Statement and the Interim 2020/21 Audit Report providing



# Agenda Item 4

Audit, Standards and Governance Committee  
14th December 2022

additional commentary on the progress that had been made up to the current point in time.

- Members requested that references to ‘robust financial management’ be removed from the Annual Governance Statement on the basis that the document referred to the financial year 2020/21, with only the appended sections in the tables referring to the progress that had been made since.
- It was clarified that AP/AR processes referenced on page 34 of the main agenda pack referred to the Accounts Payable/Accounts Receivable (AP/AR) systems. It was explained that the AP side of the system worked correctly, whilst on the AR side the issue with cash receipting was rectified as of 6 November 2022 but the process still required embedding.
- Officers noted that the Council’s finance department was now almost up to full capacity, holding four vacancies with three agency staff covering those vacancies.
- Members asked how the effectiveness of working from home arrangements could be measured from an internal audit perspective. In response, it was stated that this was a matter of service delivery rather than audit and its effectiveness would be measured primarily by customer satisfaction rates followed by the savings that it delivered. It was highlighted that local authorities had generally experienced a growth in productivity after switching to hybrid working measures.

## **RESOLVED**

- (1) that the arrangements for compiling, reporting on and signing the Draft Annual Governance Statement be noted;
- (2) That the Draft Annual Governance Statement was reviewed and commented on, including any areas which should be considered; and,
- (3) that subject to changes identified above, the Draft Annual Governance Statement be agreed and approved for signature by the Chief Executive Officer and Leader of the Council for inclusion in the Statement of Accounts.

38/22

## **STATEMENT OF ACCOUNTS 2020-21**

The Interim Director of Finance presented the draft Statement of Accounts 2020/21 and in doing noted that the Council had not been able to deliver these Accounts before the statutory deadline of 30<sup>th</sup> November

# Agenda Item 4

Audit, Standards and Governance Committee  
14th December 2022

2021, which had resulted in a Section 24 Statutory Recommendation being issued to the Council on the 31<sup>st</sup> October 2022.

It was highlighted that the Accounts had been published in a supplementary agenda because the S151 Officer had to be fully satisfied that they complied with legislation before they were presented before the Committee. It was added that a significant work had been required to reallocate balances in the Council's suspense accounts and the method of this reallocation represented a risk for the 2020/21 Accounts that would need to receive signoff by the external auditors as part of the overall Audit process.

It was noted that the presentation of the draft Statement of Accounts provided the Committee with an opportunity to review the Accounts and formally approve them prior to the commencement of the external audit, estimated to start in mid-January 2023. Whilst under regulations the Council's Audit Standards & Governance Committee was no longer required to approve the accounts prior to audit, the Council considered it a good practice for Members to have the opportunity to review these draft Accounts.

The Interim Director of Finance proceeded to provide an explanation of the most relevant sections of the Statement of Accounts 2020/21 submitted before the Committee. The following sections and technical notes were highlighted for Members' consideration:

- Page 8 provided an infographic of what services Council delivered during the pandemic period (January 2020 – February 2021) and it was preceded by the significant amount of grants that the Council provided in that period.
- The Statement of Accounts included an Internal Audit Statement given in July 2021 on the internal audit control for the financial year 2020/21 at pages 19-20.
- Comprehensive income and expenditure statement was on page 25.
- Note 3 on page 40 provided critical judgements in applying accounting policies for the 2020/21 Accounts.
- Note 5 on page 42 detailed material items of income and expense applicable from the 2019/20 Accounts.
- Note 10 on page 46 highlighted the movement in the Council's reserves position for the 2020/21 financial year.
- Note 33 on page 64 showed the Council's Grant Income which included significant amount received in Government support grants during the Covid-19 pandemic.

# Agenda Item 4

Audit, Standards and Governance Committee  
14th December 2022

It was highlighted for Members' attention that the General Fund Balance table as note 9 on page 45 included £3.190 million of items in suspense to be discussed with external auditors, which was flagged up as a major issue. Officers reported that they would continue to work on trying to reduce the number of items in suspense in the next couple of weeks before the Accounts were handed over to the external auditors. The Committee would be updated if further reallocation of items in suspense was necessary.

Following the presentation, Members discussed the contents of the Statement of Accounts 2020/21 and the responses provided to questions were as follows:

- Members commented that the formatting of some statements could be made clearer. Officers undertook to rectify this and explained that there was work done to embed spreadsheets directly in word processor documents rather than as images.
- In relation to the £3.1 million of transactions in suspense, it was queried how many items of business this represented. Officers responded that the figure was not to hand but undertook to review the data and provide Members with an approximate figure.
- Officers reported that it still had to be confirmed whether the £3.1 million of items in suspense would impact on the balance sheet of the Statement of Accounts. The allocation of suspense items in the Accounts needed to be agreed with external auditors and this might lead to a restatement of the 2020/21 Accounts.
- The external auditors confirmed that they would be provided with proposals by the Council's finance Officers regarding the allocation of suspense items on the balance sheet which would then be audited on the basis of that proposal.
- It was highlighted that Auditors would not issue a specific report to confirm that Section 24 had been lifted. In the case of Bromsgrove, the reason for issuance of Section 24 was the non-submission of the 2020/21 Statement of Accounts to the Auditors by 30<sup>th</sup> November 2021. As such the approval of the 2020/21 Accounts by the Auditors and then the Committee would represent a confirmation that the Council was no longer under the Section 24 measures.
- It was noted that Officers monitored cash position daily as the Council could not be in an overdraw position. Throughout the 2020/21 financial year the capital position was subject to fluctuation as significant cash movements took place due to

Covid-19 related grants being received which needed to be distributed to businesses and residents.

- It was noted that usable reserves had increased significantly from 2019/20 to 2020/21 due largely to provision of Covid-19 grants. Many of these grants had to be distributed in 2021/22 financial year.
- Members queried why the Council's balance sheet displayed a deficit in total liabilities of over £19 million. Officers explained that this was in large part due to the accounting practices that had to be followed by public bodies, which meant that for example any fluctuations in pension fund liabilities were reflected in the long term liabilities. Another factor affecting the year-on-year figures was the valuation of assets which displayed a significant downward trend in 2020/21 due to the Covid-19 pandemic with many of the assets valued down in that period. Reassurance was provided, however, that the Council was solvent with a recovery plan in place and had a fully functioning pension fund.
- A typographical error was identified in note 27 on page 61 (cash flow from investing activities) where the figure for short term investments read as £353 million instead of £353,000. Officers undertook to rectify this error.
- In relation to external audit fees, it was noted that a fee increase due to additional auditor work on 2020/21 Accounts would be noticeable from the 2021/22 financial year with the figure provided for 2020/21 remaining a standard audit fee.

**RESOLVED** that the draft Statement of Accounts be approved prior to the commencement of the Audit.

39/22

## **RECOMMENDATION FROM COUNCIL FOR THE CONSIDERATION OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

The Committee discussed the recommendation of Full Council made at its meeting on 7<sup>th</sup> December 2022, which asked for the Committee to undertake a root and branch review of the process leading up to the Council's Section 24 Notice.

The Head of Legal, Democratic and Property Services explained that the Committee was endowed with investigatory powers under the Council's constitution and as such it would be permissible for the Committee to set up a task and finish group, composed of a subset of the Committee Members, to investigate the matter recommended by Council in detail and report back to the parent Committee on a regular basis.

# Agenda Item 4

Audit, Standards and Governance Committee  
14th December 2022

Members debated whether to accept the recommendation and concluded that acceptance of the Council's recommendation was the best course of action. Members also expressed preference for the task and finish group to be set up in order to undertake the proposed investigation in a timely manner. It was suggested that the chairperson and vice-chairperson for this task and finish group be appointed at the next meeting of the Committee.

**RESOLVED** that the Audit, Standards and Governance Committee carry out a root and branch investigation on how the Council arrived at the Section 24 Notice.

40/22

## **ELECTION OF A RISK CHAMPION**

With Chairman's agreement the Committee proceeded to discuss the appointment of a risk champion for the rest of the municipal year 2022/23. During the discussion, Members present concluded that it was necessary for all the regular members to be present and for a role description to be available in order for Members to make an informed decision. The consideration of this matter was therefore deferred to the next meeting of the Committee and Officers were asked to prepare an appropriate document detailing risk champion role description.

A reference was made to the need for the Constitutional Review Working Group to consider increasing the membership of the Audit, Standards and Governance Committee from 9 to 11 councillors for future municipal years. It was reiterated, however, that regardless of the number of councillors assigned to a Committee it was imperative that those councillors who were chosen regularly attended its meetings and contributed to the discussion in a constructive manner.

The meeting closed at 7.28 p.m.

Chairman

This page is intentionally left blank

### Audit, Standards & Governance Committee 2023

19<sup>th</sup> January

#### MONITORING OFFICER'S REPORT

Relevant Portfolio Holder	Councillor Geoff Denaro – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Yes
Report Author Claire Felton	Job Title: Head of Legal, Democratic and Property Services Contact email: <a href="mailto:c.felton@bromsgroveandredditch.gov.uk">c.felton@bromsgroveandredditch.gov.uk</a>
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, Standards and Governance 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, Standards and Governance Committee since the last update provided at the ordinary meeting of the Committee in October 2022.
- 2.2 It has been proposed that a report of this nature be presented to each meeting of the Committee 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 verbally by Officers at the meeting.

## **Audit, Standards & Governance Committee 2023**

19<sup>th</sup> January

---

### **3. FINANCIAL IMPLICATIONS**

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

### **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.



### **Audit, Standards & Governance Committee 2023**

19<sup>th</sup> January

---

#### **Operational Implications**

##### 6.2 Member Complaints

Since the last meeting of the Committee the Monitoring Officer has received a number of Parish Council Complaints all relating to matters that fall outside of the remit of the Monitoring Officer. Parish issues are being logged and now form part of the training and development sessions for Parish Councils post-election in the spring.

In respect of the complaint reported at the last meeting of the Committee, the matter remains ongoing and is now with the subject member and advisor for comment and resolution. Members are further advised that all non-code related matters reported to the Monitoring Officer historically have been assessed and included in the training sessions for District members pre and post-election.

##### Constitution Review

- 6.3 The Constitution Review Working Group is due to meet on 26<sup>th</sup> January 2023. Any recommendations arising from this meeting will be reported to Council for Members' consideration.

##### Member Development

- 6.4 The Member Development Steering Group continues to meet regularly. At recent meetings of the group, held on 31<sup>st</sup> October 2022 and 11<sup>th</sup> January 2023, Members have discussed the Member induction process for Councillors due to be elected in May 2023.

##### Member Training

- 6.5 Since the last meeting of the Committee the following training has been arranged for Members:
- Cyber security training, which took place on 12<sup>th</sup> December 2022.
  - Standards and Code of Conduct training, which was arranged following changes made to the Members' Code of Conduct in 2022. This training took place on 12<sup>th</sup> January 2023.

### Audit, Standards & Governance Committee 2023

19<sup>th</sup> January

---

#### 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.

Chapter 7 of the Localism Act 2011.

#### 9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro – Portfolio Holder for Governance	9 <sup>th</sup> January 2023
Lead Director / Head of Service	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	6 <sup>th</sup> January 2023
Financial Services	N/A	
Legal Services	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	6 <sup>th</sup> January 2023

Date: 19<sup>th</sup> January 2023

### **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

---

#### **THE INTERNAL AUDIT PROGRESS REPORT**

Relevant Portfolio Holder		Councillor Geoff Denaro
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: <a href="mailto:andy.bromage@worcester.gov.uk">andy.bromage@worcester.gov.uk</a> Contact Tel: 01905 722051	
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. RECOMMENDATIONS**

**The Audit, Standards and Governance Committee recommend:-**

**1) the report is noted.**

#### **2. BACKGROUND**

The involvement of Member's in progress monitoring is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

This section of the report provides commentary on Internal Audit's performance for the period 01<sup>st</sup> April 2022 to 31<sup>st</sup> December 2022.

##### Summary Dashboard 2022/23:

Total reviews planned for 2022/23	12 (minimum)
Reviews finalised to date for 2022/23:	3 (Including LADS2 Grants)
Assurance of 'moderate' or below:	1
Reviews awaiting final sign off:	2
Reviews ongoing:	7
Reviews to commence (Q4):	2
'High' Priority recommendations reported 2022/23:	0
Satisfied 'High' priority recommendations to date:	N/a
Plan delivery to December 2022:	43%

Since the last progress report presented to the Committee, one report has been finalised, two reports are at clearance/draft report stage and seven reviews are ongoing.

Date: 19<sup>th</sup> January 2023

## **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

---

Follow Up outcomes are reported in Appendices 4 and 5 and by exception.

All 'limited' or below assurance reviews go before Corporate Management Team for full consideration.

### **2022/23 AUDITS TAKING PLACE AS AT 31<sup>st</sup> DECEMBER 2022**

A rolling programme of testing has taken place during quarters 1 to 3 for Debtors, Creditors and Payroll. The results will be reported during quarter 4.

The reviews that have been finalised since the last committee update:

- Fuel usage across the fleet

The reviews that are at draft report or clearance stage are:

- Debtors
- Main Ledger

Reviews currently being undertaken and at planning and testing stages include:

- Transformation Team Utilisation
- Workshop Licensing Compliance
- Creditors
- Council tax
- National Non-Domestic Rates
- Benefits
- Worcester Regulatory Services

As the above are classified as 'on going' the assurance and outcome of the reviews will be reported at Committee on completion.

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made regarding the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. To assist the service area to move forwards challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. The outturn from the reviews will be reported in summary format as part of the regular reporting.

Internal Audit are continuing to consider new processes emerging from the ongoing changing working arrangements that have been necessary to continue to provide Bromsgrove residents with services post pandemic. Plan flexibility is

Date: 19<sup>th</sup> January 2023

## **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

---

continuing to be required to include and provide assurance on potential areas of change.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans (Appendix 4). The outcomes of the follow up reviews are reported in full (Appendix 5) so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied.

### 3.4 AUDIT DAYS

Appendix 1 provides a summary of delivery. At the 31<sup>st</sup> December 2022 a total of 98 days had been delivered against an overall target of 230 days for the year.

Appendix 2 shows the indicative plan for the year and the progress made to deliver it.

Appendix 3 provides copies of the reports that have been completed and final reports for 2022/23 issued since the previous progress report presented to Committee.

Appendix 4 provides a summary overview of the follow up programme.

Appendix 5 provides copies of the completed Follow Up Reports.

### 3.5 OTHER KEY AUDIT WORK

Much internal audit work is carried out “behind the scenes” but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a ‘critical appraisal’
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers’ attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice

Date: 19<sup>th</sup> January 2023

## **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

---

- National Fraud Initiative coordination of uploads.
- Investigations

### **National Fraud Initiative**

- 3.6 National Fraud Initiative data set uploads were completed by the end of November 2022. The next upload of data sets is during January 2023 regarding Council Tax Single Person Discount and Electoral Registration. WIASS continue to provide advice and assistance regarding the process.

### **Monitoring**

- 3.7 To ensure the delivery of the 2022/23 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year to ensure an internal audit opinion can be reached using reviews from the authority's core financial systems, as well as other systems which have taken place. Changes to the plan will be discussed with the s151 Officer and reported to Committee.

## **4. FINANCIAL IMPLICATIONS**

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

## **5. LEGAL IMPLICATIONS**

- 5.1 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".

## **6. STRATEGIC PURPOSES - IMPLICATIONS**

### **Relevant Strategic Purpose**

- 6.1 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.

Date: 19<sup>th</sup> January 2023

## **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

---

### **Climate Change Implications**

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

### **7. OTHER IMPLICATIONS**

#### **Equalities and Diversity Implications**

- 7.1 There are no implications arising out of this report.

#### **Operational Implications**

- 7.2 There are no new operational implications arising from this report.

### **8. RISK MANAGEMENT**

- 8.1 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,
  - a continuous provision of an internal audit service is not maintained.

### **9. APPENDICES and BACKGROUND PAPERS**

- Appendix 1 ~ 2022/23 Internal Audit Plan summary of delivery
- Appendix 2 ~ 2022/23 Plan progress
- Appendix 3 ~ 2022/23 Finalised audit reports including definitions.
- Appendix 4 ~ Follow Up Programme Overview
- Appendix 5 ~ Follow Up Reports

Date: 19<sup>th</sup> January 2023

### AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

#### APPENDIX 1

#### Delivery against Internal Audit Plan for 2022/23 1<sup>st</sup> April 2022 to 31<sup>st</sup> December 2022

Audit Area	Original 2022/23 Plan Days	Days used to 31 <sup>st</sup> December 2022
Core Financial Systems (see note 1)	77	22
Corporate Audits	42	17
Other Systems Audits (see note 2)	75	40
<b>SUB TOTAL</b>	<b>194</b>	<b>79</b>
Audit Management Meetings/ Corporate Meetings / Reading/ Annual Plans, Reports and Audit Committee Support	36	19
Other chargeable (see note 3)	0	0
<b>SUB TOTAL</b>	<b>36</b>	<b>19</b>
<b>TOTAL</b>	<b>230</b>	<b>98</b>

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year-end. A rolling programme continues regarding Debtors, Creditors and Payroll to maximise coverage and sample size. The overall results will be reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters potentially resulting in unallocated days.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.



**BROMSGROVE DISTRICT COUNCIL**

Date: 19<sup>th</sup> January 2023

**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

---

**APPENDIX 2**

**2022/23 Internal Audit Plan**

<b>Audit Area</b>	<b>Corporate Link (Corporate Priority / Strategic Purpose)</b>	<b>Risk Register Reference</b>	<b>Indicative Date of Delivery 2022/23</b>	<b>Current Position</b>	<b>Estimated Resource 2022/23</b>
<b>FINANCIAL</b>					
Debtors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q1 to Q4	Draft Report	14*
Main Ledger/Budget Monitor/Bank Rec (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 – Q4	Draft Report	17*
Creditors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q1 to Q4	Rolling Programme	14*
Treasury Management (incl. Asset & Acquisitions)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3	Testing in progress	6*
Council Tax	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 – Q4	Testing in progress	8*
Benefits	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 – Q4	Testing in progress	10*
NNDR	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 – Q4	Testing in progress	8*
<b>Sub Total</b>					<b>77</b>

**BROMSGROVE DISTRICT COUNCIL**

Date: 19<sup>th</sup> January 2023

**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

<b>Audit Area</b>	<b>Corporate Link (Corporate Priority / Strategic Purpose)</b>	<b>Risk Register Reference</b>	<b>Indicative Date of Delivery 2022/23</b>	<b>Current Position</b>	<b>Estimated Resource 2022/23</b>
<b>CORPORATE</b>					
IT Audit (Cyber essentials)	Fundamental to strategic purpose delivery	N/a	Q3 - Q4	Q4 review	15*
Risk Management (Action Plan implementation) (note 2)	Fundamental to strategic purpose delivery	S151	Q3 - Q4	Q4 review	10*
GIS & Gazetteer – Phase 1	Fundamental to strategic purpose delivery	HoS	Q1	Final Report issued 16/08/2022	10*
Transformational Team Utilisation	Fundamental to strategic purpose delivery	HoS	Q1 - Q2	Testing in Progress	7*
Disabled Facility Grants	Enabling	N/a	Q3	Liaison with County underway	0
<b>Sub Total</b>					<b>42</b>
<b>SERVICE DELIVERY</b>					
<b>Environmental &amp; Housing Property Services</b>					
Workshop Licensing Compliance	Statutory and Regulatory Requirement	HoS	Q2	Testing in Progress	15
Fuel Usage across the fleet (note 3)	Enabling	HoS	Q2	Final Report issued 28/10/2022	(10)
<b>Planning, Regeneration &amp; Leisure</b>					
Leisure Strategy	Help me run a successful business	HoS	Q3 - Q4	Rolled to 2023/24. Budget reallocated to offset some of the Fuel Usage review.	6

**BROMSGROVE DISTRICT COUNCIL**

Date: 19<sup>th</sup> January 2023

**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Indicative Date of Delivery 2022/23	Current Position	Estimated Resource 2022/23
<b>Worcester Regulatory Services</b>					
	Statutory and Regulatory Requirement	HoS	Q2-Q3	Planning	12
<b>Sub TOTAL</b>					<b>33</b>
<b>Other Operational Work</b>					
Advisory, Consultancy & Contingency	Operational support	N/a	Q1 to Q4	Ongoing	10
Fraud & Investigations incl. NFI	Operational support	N/a	Q1 to Q4	Ongoing	10
Completion of prior year's audits	Operational support	N/a	Q1 to Q4	Ongoing	8
Report Follow Up (all areas)	Operational support	N/a	Q1 to Q4	Ongoing	10
Statement of Internal Control	Operational support	N/a	Q1 & Q4	Q1 completed	4*
<b>Sub TOTAL</b>					<b>42</b>
Audit Management Meetings	Operational support	N/a	Q1 to Q4	Ongoing	36
Corporate Meetings / Reading	Operational support	N/a	Q1 to Q4		
Annual Plans, Reports & Committee Support	Operational support	N/a	Q1 to Q4		
<b>Sub TOTAL</b>					<b>36</b>
<b>TOTAL CHARGEABLE</b>					<b>230</b>

Date: 19<sup>th</sup> January 2023

## **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

---

### Explanatory Notes:

\*As part of the increasing joint and shared service working between Bromsgrove District Council and Redditch Borough Council the audit budgets and areas will feature in the internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.

The customer journey will be considered overall as part of the service audits.

Note 1: New financial system therefore audit budget increase.

Note 2: Risk management relaunch reviewing ongoing progress against action plan and reporting.

Note 3: There was no budget included in the original plan for this additional piece of work.

Appendices A & B are indicated below and can be applied to all reports.

**Appendix A**  
**Definition of Audit Opinion Levels of Assurance**

<b>Opinion</b>	<b>Definition</b>
<b>Full Assurance</b>	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
<b>Significant Assurance</b>	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>Moderate Assurance</b>	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>Limited Assurance</b>	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>No Assurance</b>	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

**Appendix B**  
**Definition of Priority of Recommendations**

<b>Priority</b>	<b>Definition</b>
<b>High</b>	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
<b>Medium</b>	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
<b>Low</b>	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

**2022/23 Audit Report.**

Finalised report since the last Committee sitting.

**Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council

[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

**Internal Audit Report**

**Fleet & Plant – Fuel Usage & Efficiency 2022-23**

**28<sup>th</sup> October 2022**

**Distribution:**

To: Environmental Services Manager (x3)

Cc: Head of Environmental and Housing Property Services

## Contents

1.	Introduction	15
2.	Audit Scope and objective	15
3.	Audit Opinion and Executive Summary	16
4.	Detailed Findings and Recommendations	17
	Independence and Ethics:	22
	APPENDIX A	<b>Error! Bookmark not defined.</b>
	APPENDIX B	<b>Error! Bookmark not defined.</b>



## **1. Introduction**

- 1.1 The audit of Fleet and Plant – Fuel Usage & Efficiency was carried out in accordance with the Worcestershire Internal Audit Shared Service 2022/23 Audit Plan for Bromsgrove District Council approved by the Standards and Governance Committee on 21<sup>st</sup> July 2022. The audit was a risk-based systems audit of Fleet and Plant – Fuel Usage & Efficiency as operated by Bromsgrove District Council.
- 1.2 Fuel is required for the Council's fleet and therefore it is an important underpinning commodity for services provided to the public by the Environmental Services directorate.
- 1.3 No risk register entries were identified that related directly to this review.
- 1.4 This review was undertaken during the months of May to July 2022.

## **2 Audit Scope and Objective**

- 2.1 This review was undertaken to provide assurance that fuel usage for fleet and plant is controlled and is being monitored to ensure that there is optimum efficiency and fuel is accounted for.
- 2.2 The scope of the audit covered the following:
  - Fuel usage data monitoring for both Fleet and Plant
  - Monitoring of driver efficiency
  - Analysis of the age of fleet/plant and the vehicle maintenance schedules
  - Vehicle use including the tracking of vehicles for performance data
- 2.3 This review covered the procedures in place at the time of the review.
- 2.4 This review did not cover the type of vehicles that make up the fleet.

**3 Audit Opinion and Executive Summary**

- 3.1 From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2 We have given an opinion of **moderate assurance** in this area because the system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.
- 3.3 The review found the following areas of the system were working well:
- The Council has systems already in place that can provide the facility to report in detail on vehicle and driver activity.
  - Vehicles are subject to regular maintenance and records are held accordingly.
  - Drivers are monitored for speeding and supervisors are involved regarding any incidents.
- 3.4 The review found the following areas of the system where controls could be strengthened:

<b>Title of Finding</b>	<b>Priority</b>	<b>Section 4 Recommendation number</b>
Procurement of Fuel	<b>Medium</b>	<b>1</b>
Fuel Transaction Reporting	<b>Medium</b>	<b>2</b>
Fuel Usage Monitoring and Reporting	<b>Medium</b>	<b>3</b>
Fuel – Records and Audit Trails	<b>Medium</b>	<b>4</b>
Fuel System – Staff Records	<b>Medium</b>	<b>5</b>
Driver Efficiency and Performance	<b>Medium</b>	<b>6</b>
Vehicles and Plant – ‘Master Lists’	<b>Medium</b>	<b>7</b>

**4 Detailed Findings and Recommendations**

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B above.

<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response</b>
<b>New matters arising</b>					
1	M	<p><b><u>Procurement of Fuel</u></b></p> <p>During testing Audit identified that no formal procurement exercise was carried out for the arrangement in place with the filling station that is used to provide vehicles and plant with fuel.</p> <p>As the total aggregate spend over a year is in excess of the lowest procurement threshold an appropriate award procedure must be followed, or an exemption agreed with justification.</p>	<p>There is a risk of significant reputational damage and challenges potentially further legal action if the Council were found to have not carried out a fair procurement process which represents the best value for money.</p>	<p>Undertake a formal procurement exercise as appropriate for the purchase of unleaded petrol for Bromsgrove District Council fleet and plant to ensure best value is obtained and there is transparency in the process if challenged.</p>	<p><b><u>Management Response:</u></b></p> <p>Supplies &amp; Facilities Team Leader to investigate and ensure that a compliant method of procuring petrol for Bromsgrove is adopted.</p> <p><b><u>Responsible Manager:</u></b></p> <p>KH – Environmental Services Manager</p> <p><b><u>Implementation Date:</u></b></p> <p>January 2023</p>
2	M	<p><b><u>Fuel Transaction Reporting</u></b></p> <p>Testing on fuel transaction records found that there are errors in the figures reported for distance travelled and miles per gallon.</p>	<p>Errors in fuel transaction information undermine any reporting and subsequent action as a result of reported data, potentially resulting in</p>	<p>Introduce regular quality checks of fuel system data to identify and rectify any errors or anomalies in a timely manner.</p>	<p><b><u>Management Response:</u></b></p> <p>Supplies &amp; Facilities Team Leader to do a visual check on reports produced for managers to identify obvious errors, and these are to be reported to the service</p>

		<p>During testing audit found that a locked key fob was used to fuel a vehicle during a period where the system was awaiting an update.</p>	<p>poor decision making leading to financial loss.</p> <p>A lack of routine reporting on fuel transactions will lead to any anomalies in figures not being picked up resulting in a delay which could potentially be months after the event.</p>		<p>managers. See comments for item 2.</p> <p><b><u>Responsible Manager:</u></b></p> <p>KH – Environmental Services Manager</p> <p><b><u>Implementation Date:</u></b></p> <p>January 2023</p>
3	M	<p><b><u>Fuel Usage Monitoring and Reporting</u></b></p> <p>Fuel monitoring and reporting is not formalised or consistent across the fleet.</p> <p>The fuel systems in place have the functionality to provide detailed reports on fuel usage, mileage and distance travelled as well as transactional data around fuel such as driver, vehicle, transaction date and time, type of fuel and amount dispensed.</p>	<p>There is a risk that efficiencies regarding fuel, vehicles and drivers may not be identified if all the required data is not considered and utilised.</p>	<p>Review the requirement for regular monitoring of fuel usage and mileage and the use of the fuel reports in conjunction with data from the vehicle tracking systems, so that managers can view fuel usage information for all fleet vehicles and take action as required. Reports can be produced with detailed datasets which will provide a greater and clearer understanding of how fuel is dispensed and used in vehicles and equipment.</p> <p>Define what metrics are required for the Council to</p>	<p><b><u>Management Response:</u></b></p> <p>Supplies &amp; Facilities Team Leader to provide fuel transaction data to Service Managers every three months to enable them to undertake a quality check on distance travelled and fuel used. Each Service manager has access to vehicle tracking data to crosscheck journeys undertaken.</p> <p><b><u>Responsible Manager:</u></b></p> <p>MA – Environmental Services Manager                  KH – Environmental Services Manager                  Other Service Managers in line with fleet responsibilities</p> <p><b><u>Implementation Date:</u></b></p>

				effectively measure fuel efficiency, consumption, carbon emissions etc. following which the system reports can be tailored accordingly.	<p>January 2023</p> <p>Once Fuel data/monitoring is established and reported to managers (See above), overall service figures are to be reported to Senior managers at their regular Environmental Services and Housing Management Team meetings as part of the performance data. This will include CO2 emissions.</p> <p><b><u>Responsible Manager:</u></b></p> <p>Supplies &amp; Facilities Team Leader to provide Support &amp; Improvements Team Leader with data to include in management report.</p> <p><b><u>Implementation Date:</u></b></p> <p>April 2023</p>
4	M	<p><b><u>Fuel (Plant) – Records and Audit Trails</u></b></p> <p>There is a lack of an audit trail around fuel used for plant equipment. Fuel system records do not include an asset number or other indicator of where the fuel is</p>	<p>With the current cost of fuel there is an increased risk of fuel theft as there is opportunity in this area if the Council cannot accurately</p>	<p>Where fuel records do not include identification of the plant equipment being fuelled, use an asset number or similar code to demonstrate where fuel is</p>	<p><b><u>Management Response:</u></b></p> <p>Service Managers/Team Leaders to monitor petrol purchased and the equipment this is used for. Each Team Leader to record what small plant</p>

		being used or what it has been obtained for. Details that are not recorded include what plant equipment is being fuelled and how much is being added.	track where fuel is ultimately ending up.	being assigned to and utilised.  Implement random fuel record checks to highlight any anomalies with reporting by exception.	is being fuelled from separate tanks.  <b><u>Responsible Manager:</u></b> MA – Environmental Services Manager Other Service Managers in line with fleet responsibilities  <b><u>Implementation Date:</u></b> January 2023
5	M	<b><u>Fuel System – Staff Records</u></b>  Walkthrough testing of the fuel systems found that there are staff who have left the Council who remain active on the system with keys still allocated to them.	There is a risk of potential fraud and theft if staff records remain on the system after they have left.  If leavers are not being flagged on the system, then keys may not be returned - leading to potential cost implications for the Council and time taken to trace and deactivate them.	Assess the need for including the return and recording of any allocated keys in the leavers process.  Conduct a thorough review of all systems to ensure that any staff who are no longer employed by the Council are removed and any allocated fuel and vehicle keys are deactivated or reassigned.	<b><u>Management Response:</u></b> All Service managers to notify the Supplies & Facilities Team Leader and the Fleet & Logistics Technician of any staff who leave the Authority so that their access can be removed to both fuel and keys. All keys and fobs to be collected and returned.  <b><u>Responsible Manager:</u></b> MA – Environmental Services Manager Other Service Managers in line with fleet responsibilities  <b><u>Implementation Date:</u></b> January 2023

6	M	<p><b><u>Driver Efficiency and Performance</u></b></p> <p>At present, driver efficiency and performance are not being actively monitored and managed - with the exception of speeding incidents. The systems in place would allow for this to be achieved, however the metrics involved would need to be defined, tested and approved by management and possibly Unions first.</p> <p>Drivers are aware of what is expected of them, and inductions are revisited every 2 years, with licence checks being carried out every six months.</p>	<p>There is a risk of poor driver behaviour and performance which could potentially not be picked up if the Council does not monitor and manage it regularly.</p> <p>This in turn could lead to severe consequences for the Council if there is an incident on the road.</p>	<p>Define what the Council needs to monitor to promote the efficiency of drivers and the metrics that they could be measured against.</p> <p>Investigate what information can be provided by the existing systems and how it might be presented.</p>	<p><b><u>Management Response:</u></b></p> <p>See the response to item 2.</p> <p>Service Managers can access the tracking data under the tracker operational procedure currently in place. This will identify routes followed and speeds driven.</p> <p><b><u>Responsible Manager:</u></b></p> <p>MA – Environmental Services Manager Other Service Managers in line with fleet responsibilities</p> <p><b><u>Implementation Date:</u></b></p> <p>January 2023</p>
7	M	<p><b><u>Vehicles and Plant – ‘Master Lists’</u></b></p> <p>There is a 'master' list held for fleet and plant. The list is not consistent with other records in the format and information provided. Additionally, the records on the master fleet list does not match the fuel system with vehicles being recorded against different departments.</p>	<p>Where the master list does not match the fuel system records there is a risk of bad management decision making due to confusion over where a vehicle is allocated, and a potential further risk that fuel could be charged to the wrong departments.</p>	<p>Review the format of how Fleet details are recorded and update the lists to make them consistent while containing all the necessary information relating to a vehicle.</p>	<p><b><u>Management Response:</u></b></p> <p>Workshop and Fleet Team Leader to undertake a review of all the fleet lists for both authorities to ensure that the data is consistent.</p> <p>Service managers should notify the workshop if vehicles are moved to other service areas to</p>

		<p>Where plant equipment is not 'road-registered' it is given an asset code which is displayed in the fleet listings. However, the asset code is not used as an identifier in the fuel systems. The Bromsgrove District Council master list holds details of all the vehicles but not all the plant equipment - these 'extra' details are held on a separate list.</p>			<p>enable costs to be accurately allocated.</p> <p><b><u>Responsible Manager:</u></b>                  KH – Environmental Services Manager                  MA – Environmental Services Manager                  Other Service Managers in line with fleet responsibilities</p> <p><b><u>Implementation Date:</u></b>                  March 2023</p>
--	--	--	--	--	---

**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Head of Internal Audit Shared Services**



**Appendix 4 – Overview of Follow Up Programme**

	<b>Year of Review</b>	<b>Review Area</b>	<b>Assurance</b>	<b>Follow Up Position</b>	<b>Indicative Date of Follow Up</b>		<b>Conclusion</b>
BDC	20/21	Orb	Moderate	Completed			
BDC	20/21	Use of Agency and Consultancy	Critical review	Completed			Positive direction of travel. Now needs to embed with one small area to address which requires a system update.
BDC	21/22	Strategic Acquisitions	Significant	Completed			
BDC	21/22	Procurement	Limited	1st	Sep-22	Q2	Update report provided
BDC	21/22	General Data Protection Regulation	Moderate	1st	Nov-22	Q3	Position to be confirmed
BDC	21/22	Grants	Significant	1st	Nov-22	Q3	Position to be confirmed
BDC	21/22	Treasury Management	Significant	1st	Dec-22	Q3	To be followed up as part of the 22/23 Audit Quarter 3
BDC	21/22	Accounts Receivable	Limited	1st	Dec-22	Q3	To be followed up as part of the 22/23 Audit Quarter 3
BDC	21/22	Accounts Payable	Moderate	Completed			No recommendations made due to the current position and work arounds in place.
BDC	21/22	Council Tax	Significant	1st	Nov-22	Q3	To be followed up as part of the 22/23 Audit Quarter 3

**BROMSGROVE DISTRICT COUNCIL**

**Audit, Governance & Standards Committee**

**19<sup>th</sup> January 2023**

	<b>Year of Review</b>	<b>Review Area</b>	<b>Assurance</b>	<b>Follow Up Position</b>	<b>Indicative Date of Follow Up</b>		<b>Conclusion</b>
BDC	21/22	National Non-Domestic Rates	Significant	1st	Nov-22	Q3	To be followed up as part of the 22/23 Audit Quarter 3
BDC	21/22	Risk Management	No	1st	Nov-22	Q3	Full 22/23 Audit to be undertaken
BDC	21/22	Benefits	Significant	1st	Nov-22	Q3	To be followed up as part of the 22/23 Audit Quarter 3
BDC	21/22	Projects	Moderate	Completed			Although there are a couple of partially implemented recommendations this needs time to embed.
BDC	21/22	Budget Monitoring	Critical review	1st	Oct-22	Q3	To be followed up as part of the 22/23 Main Ledger Audit Quarter 3
BDC	21/22	Fuel Usage	Critical review	Completed			The findings from this were rolled into the 22/23 audit and reported on.

Note: 2022/23 Review areas will be added to the table when they become due for a follow up visit.

**Worcestershire Internal Audit Shared Service**



**The Orb 2021/22**

**2<sup>nd</sup> Follow-up Report - 26<sup>th</sup> October 2022**

**Distribution:**

To: Head of Transformation  
ICT Transformation manager  
ICT Operations Manager

[Contents](#)

Section A - Justification of Audit Follow-up Approach .....	26
Section B – Conclusion .....	28
Section C – Current Postion .....	4
APPENDIX A.....	6
APPENDIX B.....	7

**Section A - Justification of Audit Follow-up Approach**

The date of the final audit Report was 27/08/2020. The first follow up took place on the 07/10/2021 and has been followed up for a second time because:

- 2 medium priority recommendations remained outstanding:

Please note that recommendations implemented prior to the first follow up have not been included in this report.

To provide an updated position the following audit approach has been applied:

- The 2 ‘medium’ priority recommendations outstanding from the first follow up have been updated with the current position.
- Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

**Section B - Conclusion - Current Position statement**

The original audit report gave **Moderate Assurance** over the control environment. The first follow-up found that one 'medium' priority recommendation was not implemented, and one 'medium priority' was partially implemented.

The 2<sup>nd</sup> follow-up found that both remaining 'Medium' priority recommendations have been implemented.:

As all the outstanding recommendations have been implemented the risk to the authority has been reduced and, as a result, no further follow ups are required to take place.

This follow up was undertaken during the month of October 2022.

**Section C – Current Position**

<b>Ref./ Priority</b>	<b><u>Recommendation</u></b>	<b><u>Management Response and Action Plan</u></b>	<b><u>1st Follow up Position 30<sup>th</sup> September 2021</u></b>	<b><u>2<sup>nd</sup> Follow up Position 7<sup>th</sup> October 2022</u></b>
<p><b>1</b> Medium</p>	<p><b>Ownership</b></p> <p>An assessment to be undertaken on whether a corporate steer is required to drive the orb forwards with a strategic action plan, to shape how the orb is to be used over the next several years.</p> <p>This needs to include exactly what the organisation wants a corporate shared area to achieve and how best to achieve this, especially with the introduction of a new windows platform and Microsoft packages. It should also allocate ownership for the delivery of any proposals.</p>	<p><b>Responsible Manager:</b></p> <p>Head of Transformation, OD &amp; Digital Services</p> <p>Senior Marketing &amp; Communications Officer</p> <p><b>Implementation Date:</b> <b>April 2021</b></p> <p>An intranet strategy and action plan will be developed to outline the future direction of the ORB.</p>	<p><b>Not Implemented</b></p> <p>Although changes have started to be made to the orb (see recommendation 2), this action is still to be commenced and has been delayed due to other work commitments.</p> <p>It is hoped that this will be undertaken in December 2021.</p>	<p><b>Implemented</b></p> <p>There has been a change in direction since the last review, as a new project plan has been developed around the orb and user access, this is currently on-going for the next 18 months and is due to be completed by 2024.</p> <p>The Head of Transformation, OD &amp; Digital Services is the sponsor of the project and the service is currently in the process of conducting recruitment to put onto the project board. Recruitment of what to put onto the project board. This will be achieved by Quarter 1 of the 2023-24 financial year.</p> <p>The project is in place to look into the way the orb is being used, the content stored, the interface design, user accessibility and friendliness.</p> <p>Due to the change in the direction of travel, there is still a strategy being developed but this will be implemented</p>

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position 30<sup>th</sup> September 2021</u>	<u>2<sup>nd</sup> Follow up Position 7<sup>th</sup> October 2022</u>
				by 2024 when the project is near completion,
2 Medium	<p><b>User friendly</b></p> <p>Survey the staff in order to get a full understanding of their requirements in relation to a shared area for reference material and Governance Policies.</p> <p>The results should be built into the review above.</p>	<p><b>Responsible Manager:</b></p> <p>IT Manager</p> <p><b>Implementation Date: Feb 2021</b></p> <p>Create a user group of internet and intranet staff to look at out of date content and how it will be resolved by their departments. Members of this group to agree an action plan with their respective Head of Service if content is out of date. The content on the Intranet is the responsibility of each service area.</p> <p>The Web Team will look at the site design and make the search more user friendly. Training will also be provided through the user group. N Perrett and N</p>	<p><b>Partially Implemented</b></p> <p>There is a positive direction of travel as some changes have started to take place on the orb following the audit review – a new and updated homepage has been implemented and work has been conducted to remove items that should not be on the orb.</p> <p>The search engine has had a background overhaul to enable it to be nimbler on searching for specific documents and as a result of the work, the results coming back are more relevant. ICT have stated that the user will not notice a change to the appearance of the search engine but will experience the improvement when searching items.</p> <p>However, since the pandemic resources have been used on the</p>	<p><b>Implemented</b></p> <p>Following the previous point, since the 1<sup>st</sup> follow up there has been a change in direction as the service has set up a new project plan to look at the Orb user friendliness and user access.</p> <p>The service is currently appointing a digital person to oversee and monitor the project progress.</p> <p>It is anticipated that the project will take 18 months to fully complete. (2024).</p>

**BROMSGROVE DISTRICT COUNCIL**

**Audit, Governance & Standards Committee**

**19<sup>th</sup> January 2023**

<b>Ref./ Priority</b>	<b><u>Recommendation</u></b>	<b><u>Management Response and Action Plan</u></b>	<b><u>1st Follow up Position 30<sup>th</sup> September 2021</u></b>	<b><u>2<sup>nd</sup> Follow up Position 7<sup>th</sup> October 2022</u></b>
		<p>Chapman will be the lead officers for this work.</p> <p>The Web Team will create a survey to address issues raised in this audit. N Perrett and J Carradine will be the lead officers for this work.</p>	<p>public website to improve certain items and this has caused delays in some areas of lower risk.</p> <p>ICT have had to delay the implementation on the remaining items that require implementation to March 2022.</p>	



---

**Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)



**Use of Agency Staff and Consultants 2020-21 – Critical review**

**1st Follow-up Report - 18<sup>th</sup> August 2022**

**Distribution:**

To: Procurement Officer  
Head of Business Transformation, Organisational Development and Digital Strategy  
Human Resources & Development Manager  
Section 151 Officer

Cc: Chief Executive

[Contents](#)

Section A - Justification of Audit Follow-up Approach .....	26
Section B – Conclusion .....	28
Section C – Current Postion .....	4
APPENDIX A.....	6
APPENDIX B.....	7

**Section A - Justification of Audit Follow-up Approach**

The date of the final audit Report was 04/03/2021 and is being followed up because:

- 3 challenges were made: and
- At least six months has passed.

The following audit approach has therefore been applied:

1. The challenges have been updated with the current position.

---

**Section B - Conclusion - Current Position statement**

As this was a critical review, there was no level of assurance given and although no recommendations were formally made management did provide an action plan with implementation dates to address the challenges raised.

This follow up has confirmed of the three challenges made, all three challenges relating to 'Use of Matrix', 'Legislation compliance' and 'Budgetary and actual spends on agency and consultancy workers' have been partially implemented due to both Bromsgrove District Council and Redditch Borough Council deciding on a change of direction since the initial review.

Finance is preparing within the Enterprise Resource Planning (ERP) system a new module which will allow HR/Procurement to identify new contractors including new agencies and consultants which will require sign off before services can use them therefore providing for an additional control.

It can be reported that although not all aspects have been implemented, there has been a positive direction in travel for each of the authorities and a lot of work has been undertaken to improve the monitoring of agency staff and consultants in addition to helping services to improve how they monitor their spending, therefore no further follow ups will be required.

This follow up was undertaken during the month of August 2022.

**Section C – Current Position**

<b>Ref./ Priority</b>	<b><u>Challenge</u></b>	<b><u>Management Response and Action Plan</u></b>	<b><u>1<sup>st</sup> Follow up Position 18<sup>th</sup> August 2022</u></b>
1	<p><b>Use of Matrix</b></p> <p>1.) During the review it was found that not all processes are being adhered to, so can both Redditch Borough Council and Bromsgrove District Council provide assurance that there is a robust control in place to monitor the in-take of agency staff through Matrix, as well as the in-take of agency staff from agencies outside of Matrix including the use of exemption forms?</p> <p>2.) Is enough being done to assess if Matrix is fit for purpose and fits the needs of the Council to find and bring in agency staff who are skilled and qualified in the job role advertised?</p>	<p><b>HR &amp; OD Manager Comments</b></p> <p>The decision to continue with Matrix was taken at a Corporate level with a commitment from services to reduce their reliance on agency staff. The contract was extended on a plus 1 to allow the flexibility to review once the use and spend of agency staff is reflective of the requirement moving forward thus enabling a review of the actual requirements and not on a like for like basis.</p> <p>HR are clear with Mangers that only Matrix can be used for agency staff</p> <p>There is a clear agreement with Matrix that if the contract is not providing the level or specialist staff required that they will source the required companies to extend the agencies available to us on Matrix. Issues need to be reported to HR to ensure this can be picked up with our account managers.</p> <p><b>Procurement Responses</b></p>	<p><b>Partially Implemented</b></p> <p>Since the review was undertaken there have been no changes to the way Matrix is being utilised in each authority and should be the only entity utilised when bringing in agency workers.</p> <p>HR and Procurement are currently unaware if services are still using other entities to Matrix and only find this out after the event has taken place.</p> <p>The direction of travel has changed slightly as the authorities are looking to utilise the new ERP system as it allows services and finance to analyse the data better for monitoring the spend. Finance and Procurement are currently working to introducing a new module where new contractors will go through Procurement prior to payments being put through, which means there will be a reasonable control in place to prevent services from going outside of the remit. This will be implemented in April 2023.</p>

Ref./ Priority	<u>Challenge</u>	<u>Management Response and Action Plan</u>	<u>1<sup>st</sup> Follow up</u> <u>Position 18<sup>th</sup> August 2022</u>
	<p>3.) Is there value for money within this contract especially considering the additional resources used by the Services to undertake their own groundwork in the identifying, and engaging of agency staff themselves? If not, is there evidence that the council is proactively challenging matrix on its provision under the contract.</p> <p>4.) Have the Council considered the benefit of providing feedback surveys to staff on the use of Matrix to help the authority form a better working relationship with Matrix for future agency work hire and also to aid the authority with future contract specifications for the use of agency workers?</p> <p>5.) Has the authority looked at other avenues to support service areas with bringing in specialists especially when the Matrix contract ends?</p>	<p>The Matrix contract needs to be managed to ensure they are fulfilling the requirements. Officers need to speak to Matrix if they are not getting the correct candidates through so they have the opportunity to resolve this, HR as contract managers should be involved also.</p> <p>There are other compliant contracts with other neutral vendors similar to Matrix available.</p> <p>Some agencies will not sign up to Matrix as they do not want to lose the large margins achieved by signing up direct with the council. Matrix protects the council from this.</p> <p>Matrix provides candidates but it is ultimately for service areas to assess skills and qualifications before offering a placement.</p> <p>No whole organisation oversight of staff who have worked on temporary contracts outside of Matrix and may therefore trigger fees if re-employed.</p>	<p>There are disciplinary procedures in place if management opt to use a different avenue to Matrix.</p>

<b>Ref./ Priority</b>	<b><u>Challenge</u></b>	<b><u>Management Response and Action Plan</u></b>	<b><u>1<sup>st</sup> Follow up Position 18<sup>th</sup> August 2022</u></b>
	<p>6.) As service areas need to bring in specialists from outside of Matrix, are both authorities able to</p> <p>7.) provide assurance that there is the correct level of support in place to support services to go to other agencies if it provides value to the authority in enabling it to reach its goals?</p> <p>8.) As discussions with several service areas has raised concerns around Matrix not having specialists on their books, is the authority able to provide assurance that Matrix can find and provide specialists to aid the services deliver their service strategy?</p>		

Ref./ Priority	<u>Challenge</u>	<u>Management Response and Action Plan</u>	<u>1<sup>st</sup> Follow up</u> <u>Position 18<sup>th</sup> August 2022</u>
2	<p><b>Compliance with Legislation</b></p> <p>1.) Following discussions with service areas there were instances learnt where services over the last 5 years have not been adhering to the procurement process. Therefore, can the authority provide assurance that there is a sound control in place to investigate weaknesses in the system?</p> <p>2.) Are both authorities able to provide assurance that if service areas are not following the correct procedure rules for using agency staff and consultants that there are sanctions set up and in place to mitigate the risks to the authority?</p> <p>3.) Is the Council undertaking enough monitoring of the length of service of agency workers to ensure that they do not breach</p>	<p><b>HR &amp; OD Comments</b></p> <p>HR are clear that we will not support Managers accessing agencies outside of Matrix</p> <p>HR have no knowledge if Managers go to other agencies, this block needs to be in place and service and HOS level to ensure order / invoices are not approved.</p> <p><b>Procurement Comments</b></p> <p>Any staff used outside of Matrix is a breach of the contract procedure rules and a breach of the Matrix contract.</p> <p>No process for legal review of agency terms and conditions outside of Matrix</p> <p>All relevant staff should have attended Procurement Training in the past year and should be aware of the Procurement Rules. Future procurement training should directly address the issue of temporary staff.</p>	<p><b>Partially Implemented</b></p> <p>The follow up found that there has been no change since the initial review was undertaken.</p> <p>Currently HR and Procurement have no knowledge if managers go to other agencies unless they come forward and let them know.</p> <p>There has been a training session conducted in the past couple of years on Procurement to make services aware of the procurement rules and training since this time has been on an Ad-hoc basis when services wish to understand the processes more.</p> <p>Currently updates are taking placed on the ERP system which should be implemented by the end of March 2023, which will allow procurement and finance to see purchase orders and gather a good understanding of whether agencies outside of Matrix are being utilised.</p>

Ref./ Priority	Challenge	Management Response and Action Plan	1 <sup>st</sup> Follow up Position 18 <sup>th</sup> August 2022
	<p>Council and government (HMRC) rules.</p> <p><b>Challenges around Section 24 notice</b></p> <p>4.) Since the section 24 notice was given, there was an employment freeze unless it is business critical, is the authority able to give assurance that it is confident that all services would have a full understanding of what business critical entails especially in the current times with COVID-19.</p>		
3	<p><b>Budgetary and actual spends on agency and consultancy workers</b></p> <p>1.) If there is no consistency in the recording of actual expenditure on agency workers and consultants how is the Council ensuring that it is being fully transparent with its expenditure for these cost areas? Would it not be better to have a cost code for these areas even if there is no budget allocation so that there could be full monitoring and transparency</p>	<p><b>Finance Comments: -</b></p> <p>The finance team will encourage with budget holders on monthly and quarterly budget monitoring that the dedicated account code for agency workers is monitored and reviewed along with the relevant budget manager. It is also expected when the new ERP finance system is implemented budget holders will be able to see live expenditure and therefore able to monitor more efficiently any mis coded and/or expected agency expenditure immediately rather than relying on current spreadsheets sent monthly.</p>	<p><b>Implemented</b></p> <p>Since the review has been undertaken there has been a change in direction as historically budget and actual spends were being monitored by the accountants within finance.</p> <p>Staffing issues within the financial services are being resolved, but agency staff are still being utilised where recruitment to technical posts is proving difficult.</p> <p>A new finance module is being prepared to go live in April 2023 which will allow Procurement to</p>



<b>Ref./ Priority</b>	<b><u>Challenge</u></b>	<b><u>Management Response and Action Plan</u></b>	<b><u>1<sup>st</sup> Follow up</u></b> <b><u>Position 18<sup>th</sup> August 2022</u></b>
	<p>especially with the current S24 and the need to reduce the costs of the council now and in the coming years. As there have been limitations within the current financial system is this something that is being considered and implemented for the new financial system?</p> <p>2.) How is the Council able to fully monitor its reliance on the provision of agency workers and the use of consultants in order to review this expenditure with the aim to reduce future costs.</p> <p>3.) Can the authority provide assurance that if they are using an incorrect cost code that there is a clear audit trail in place in case of challenge?</p> <p>4.) As consultants and agency staff are paid a higher rate to work in comparison to full time staff, is the authority able to provide assurance under the Section 24 notice, that agency</p>	<p><b>Procurement comments: -</b></p> <p>There is a cost code for agency staff, but query whether it is used consistently or appropriately?</p>	<p>monitor procurement projects including agencies and consultants being utilised.</p> <p>In June 2022 a monitoring package was introduced, which will enable both the budget holder and the finance department to monitor both the budget and actual spends more clearly, using the data from April 2022 onwards.</p>

Ref./ Priority	<u>Challenge</u>	<u>Management Response and Action Plan</u>	<u>1<sup>st</sup> Follow up</u> <u>Position 18<sup>th</sup> August 2022</u>
	<p>staff and consultants are only brought in as an absolute last resort when other avenues have been explored?</p> <p>5.) With certain service areas requiring specialists to be able to do the job role this has caused some issues with employing permanent employees into the role. Is the council confident that it has explored all avenues e.g. market supplements, benefits packages etc while still complying with the councils current pay model and terms and conditions of employment, in order to address this and ensure that the Council is using the most cost effective method of providing a service to the Public.</p> <p>6.) During the review it was found that the controls for bringing in agency staff should be that the head of service signs it off and then it goes to CMT for</p>		

Ref./ Priority	<u>Challenge</u>	<u>Management Response and Action Plan</u>	<u>1<sup>st</sup> Follow up</u> <u>Position 18<sup>th</sup> August 2022</u>
	approval. However, as it was learnt during the review that some services have gone to agencies outside of Matrix, can the authority provide the assurance that CMT are aware of services going to other agencies outside of Matrix?		

**Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

**Strategic Acquisitions (Purchasing for regeneration land and property) Audit 2021/22  
1st Follow-up Report - 26<sup>th</sup> October 2022**

**Distribution:**

To: Head of Finance and Customer Service  
Section 151 Officer

[Contents](#)

Section A - Justification of Audit Follow-up Approach.....	<b>Error! Bookmark not defined.</b>
Section B - Conclusion - Current Position statement .....	<b>Error! Bookmark not defined.</b>
Section C – Current Position – (please see Appendix B for definition of priorities) .....	<b>Error! Bookmark not defined.</b>
APPENDIX A.....	<b>Error! Bookmark not defined.</b>
APPENDIX B.....	<b>Error! Bookmark not defined.</b>

**Section A - Justification of Audit Follow-up Approach**

The date of the final audit Report was 13/10/2021 and is being followed up because:

- 1 medium priority recommendation was made: and

- At least six months have passed.

The following audit approach has therefore been applied:

- The 1 'Medium' priority recommendation has been updated with the current position.
- Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

#### **Section B - Conclusion - Current Position statement**

The original audit report gave **Significant Assurance** over the control environment. This is the 1<sup>st</sup> follow-up.

Due to the changes in 2026 in relation to the EPC ratings the Councils are undertaking a full review of their Asset portfolio.

A quarter 1 2022/23 monitoring report has already been presented to Bromsgrove District Councils Cabinet Committee in October 2022 and Redditch Borough Council Executive Committee in September 2022 setting out the Asset Disposal Strategy.

The wider Asset Strategy was presented to the Redditch Borough Council Executive Committee on 25<sup>th</sup> October 2022 and the Bromsgrove District Cabinet on 26<sup>th</sup> October 2022 by the Head of Legal, Democratic and Property Services and supported by the Interim S151 Officer.

The Asset Strategy sets out the present portfolios (operational, investment and surplus) and the process to evaluate these properties in relation to:

- 1) Being fit for service purpose (including investment)

- 2) Investment required to keep them to standard
- 3) Income generating potential

It is anticipated this process will take approximately a year but at the end of it the Councils will understand their full property portfolio (including investment properties), their value, income generating potential, if they are still fit for purpose and what investment would be required to fulfil new legislative standards.

The Councils are moving in a positive direction and the recommendation within the 2021/22 Strategic Acquisitions Audit has been superseded by a wider project which will provide a solid foundation for future decision making around the asset portfolio of the Councils. While currently the Council acknowledges that risks at this time remain and are being monitored a greater risk would remain if the review were not undertaken.

This follow up was undertaken during the month of October 2022.

**Section C – Current Position**

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1<sup>st</sup> Follow up</u> <u>Position 11<sup>th</sup> October 2022</u>
<b>1</b> Medium	<p><b>Scoring and transparency of the criteria within the report</b></p> <p>The report and criteria need to reflect one another to ensure consistency and no assumptions. Either changing the criteria within</p>	<p><b>Response:</b> Agree with the findings.</p> <p><b>Action:</b> Review and amend the Acquisition and Investment Strategy for Redditch Borough Council and Bromsgrove District Council</p>	<p><b>Superseded</b></p> <p>A much bigger project is being undertaken to provide a better understanding of the Asset portfolio currently held and provide a foundation for further decision making which</p>

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1<sup>st</sup> Follow up</u> <u>Position 11<sup>th</sup> October 2022</u>
	<p>the strategy or using the criteria within the report is required. There needs to be a reason documented within the report if the investment does not meet the Excellent, Very Good, Good and why the Council is still proceeding with the Investment. If it does fit, why it exceeds expectation. The Strategy needs to be clear as to what documents need to be submitted with the report to gain approval for the investment. If documents are optional a clear statement of exception must be included in the report.</p>	<p>adjusting the criteria so that it falls under headings so that the report will reflect the criteria. Will consider what documents need to be submitted or optional and update the Strategies.</p> <p><b>Responsible Manager:</b> Head of Financial and Customer Services</p> <p><b>Implementation date:</b> 31st March 2022</p>	<p>will ultimately result in a new Acquisition and Investment Strategy.</p>

---

**Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)



**Projects 2021/22**

**1st Follow-up Report – 4<sup>th</sup> October 2022**

**Distribution:**

To: Business Improvement Manager

Cc: Head of Business Transformation, Organisational Development and Digital Strategy



[Contents](#)

Section A - Justification of Audit Follow-up Approach.....	47
Section B - Conclusion - Current Position statement .....	47
Section C – Current Position – (please see Appendix B for definition of priorities) .....	49
APPENDIX A.....	<b>Error! Bookmark not defined.</b>

**Section A - Justification of Audit Follow-up Approach**

The date of the final audit Report was 9<sup>th</sup> September 2021 and is being followed up because:

- At least six months have passed since the original audit was carried out.

The following audit approach has therefore been applied:

- The Management considerations and action points have been updated with the current position.

**Section B - Conclusion - Current Position statement**

The original audit report gave **Moderate Assurance** over the control environment. This is the 1<sup>st</sup> follow-up.

The project Management Framework has been reviewed and updated. Training has been offered and delivered to 4<sup>th</sup> and 5<sup>th</sup> tier managers so that they are aware of the methodology and clear on responsibility, accountability, and reporting lines.

---

Projects have now been categorised into 3 categories 'Continuous Improvement' 'Service Innovation' and 'Corporate Projects' and defines the approval, management, monitoring and documentation process for each category.

The Senior Management Team have identified projects that require corporate oversight / monitoring. The Business Improvement Team will be responsible for gathering updates from the services on the progress for those projects identified by SMT requiring oversight, to present within a report to CMT quarterly. This includes a RAG rating so that any concerns are easily visible. The corporate oversight falls under the responsibility of CMT.

Internal Audit advise that SMT should be made aware of any concerns on projects not identified as requiring oversight at an early stage, so that a decision can be made as to whether to add it onto the corporate oversight/monitoring report. It would be advisable to still monitor the overall number of projects in each category to ensure there is sufficient specialist resources and budgets to manage and deliver all projects for the various services. The Council has responded to advise: These elements are considered but not referenced in the framework. This will be included in the framework to ensure oversight of the resources needed to deliver all the corporate initiatives.

Generally, the follow up has identified that the Council is moving forward in the right direction. There are a couple of actions that are not fully implemented around the consideration of a suitable system to record projects and ensuring there is sufficient resources trained in Prince 2. There is an ongoing piece of work to establish which system would be best placed to record projects. In relation to project training, the corporate training plan provides opportunities for employees to be trained in Prince 2. A reminder will be sent to all Heads of Service to encourage take up of this training.

As this is a new process, Internal Audit recommend the process and effectiveness of the corporate oversight is reviewed after a reasonable period as well as the completion of any action plans to ensure that concerns/risks have been addressed within a timely manner. The Council has planned for an internal review in Q4 2022/23.

This follow up was undertaken during the month of July 2022

**Section C – Current Position – (please see Appendix B for definition of priorities)**

Ref.	Areas where controls could be strengthened	Recommendation/challenge	Management Considerations & Action Points	1 <sup>st</sup> Follow up Position 7 <sup>th</sup> July 2022
1	<p><b>Corporate understanding of the term ‘Project’</b></p> <p>To understand corporately how a project is to be defined council wide.</p> <p>This may be a loose statement based on criteria such as type, size, value, complexity.</p>	<p>A simple flowchart/decision tree could be used to help officers identify what projects must follow the Project Management Framework and what projects such as service improvements fall outside the definition. This could also include where to go for advice if this is not easily determined.</p> <p>This could also help to determine which initiatives need to be included on the projects register and which may be overseen by Management within the individual Service area carrying out the initiative.</p>	<p>The Project Management Framework will be amended to include a flowchart/decision tree to determine which projects require the use of the framework. Project criteria will be determined for inclusion in the framework.</p> <p>The flowchart/decision tree will also detail what categories, definitions, and exceptions will be monitored by the Corporate Management Team and which are service specific.</p>	<p><b>Implemented</b></p> <p>The Project Management Framework has been updated and includes a project management flow chart and categories for projects:</p> <ul style="list-style-type: none"> <li>• category 1. continuous improvement</li> <li>• category 2 service innovation</li> <li>• category 3 corporate projects.</li> </ul> <p>The section covering monitoring explains the involvement by the Corporate Management Team who will assess quarterly, the</p>

			Responsible Officer: Business Improvement Manager  By: December 2021	status of Category 3 projects and Category 2 where applicable.
2	<p><b>Allocation of responsibility for Management oversight, monitoring and intervention to strengthen governance with an additional layer of control.</b></p> <p>There is currently no defined and understood corporate responsibilities in place for project management oversight and the ability to intervene if project timelines, risk or spend are identified as not meeting documented targets/budgets.</p>	<p>Define and agree clear lines of accountability for corporate oversight within the authority in relation to oversight, monitoring and intervention</p> <p>Once there is allocated corporate responsibility for oversight and reporting with defined timescales. Decide types and level of intervention that could be required and develop processes to apply these in a uniformed and transparent way.</p> <p>Consider, identify and document the realistic number of projects that can be corporately monitored and define how the success of corporate oversight can be tracked, e.g., achievement of project following corporate intervention.</p>	<p>The Project Management Framework will be amended to include clear allocation of responsibility, accountability, and reporting lines.</p> <p>The Business Improvement Manager working with CMT will identify projects to be corporately monitored, this will include how success will be tracked and the use of reporting templates to achieve this.</p> <p>Responsible Officer: Business Improvement Manager  By: November 2021</p>	<p><b>Implemented</b></p> <p>The Project Management Framework has been updated to show clear allocation of responsibility, accountability and reporting lines. The Framework includes details on which projects are to be corporately monitored (by CMT), how success will be tracked. The Business Improvement Team use the reporting templates to present the information gathered from the services to update CMT on the projects selected for monitoring.</p>

3	<p><b>Recording, monitoring and reporting of Projects</b></p> <p>There is no system for the tracking of projects.</p> <p>Implementation of a fit for purpose system used corporately would enable the Council to track projects and their progress and can produce corporate reports that identify success and failures within individual projects, meaningful metrics on overall project achievement (percentage completed, time to deliver, trigger points, risks, flags etc.)</p>	<p>Investigate to see if any of the systems currently operated by the council would be capable of operating a live system to be able to report at any time the progress of the project against the programme milestones, risks, budget. Using RAG ratings for ease of reporting and to use as a trigger / early warning system for reporting of any concerns or emerging risks.</p>	<p>Existing corporate systems will be explored to understand if they are suitable to be used to track project progress. For example, the 4Risk system.</p> <p>If existing systems are unsuitable consideration will be given to procuring an external system. This action will be dependent on the financial position at the time.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: March 2022</p>	<p><b>Not Implemented (Temporary Option has been explored)</b></p> <p>The use of the 4Risk system is still to be explored for suitability. A temporary process has been in use since Jan 22 utilising Teams channel.</p> <p>This will be reviewed along with the overall monitoring process in Q4 22/23 if not rectified prior (i.e., when finance fully resourced and 4Risk explored for its suitability).</p>
4	<p><b>Project Risks</b></p> <p><b>Testing identified:</b></p> <ul style="list-style-type: none"> <li>• The issue register does not show the date of the update. All actions remain open</li> <li>• Risk Register. All risks recorded on this register are still shown as active from 2018 to date</li> </ul>	<p>Corporate monitoring of the processes and subsequent risks is performed to identify if elements remain unresolved and intervention is required to close, mitigate risk or move forward with the project. For</p>	<p>The inclusion of technical specialists at Project Board meetings or at CMT meetings along with the Project Manager will be implemented.</p>	<p><b>Implemented</b></p> <p>Included within Project Management Framework Project Board, Corporate Management Team (CMT) require assurance around outcomes and overall project coordination, CMT therefore will assess quarterly,</p>

	<ul style="list-style-type: none"> <li>There is no evidence as to learning from entries on the lessons learnt register.</li> </ul> <p>The issue logs, lessons learnt log and risk logs are being completed and have highlighted areas of concern with regards to the Housing Project such as.</p> <ul style="list-style-type: none"> <li>Procurement</li> <li>Lack of policies held by the service,</li> <li>Delivery of the project and timescales during the pandemic</li> <li>Resources stretched/left</li> <li>Service review during the project which impacted on staff availability and staff moving from fixed term contracts to permanent roles within the authority.</li> <li>Project Lead Reporting on behalf of all areas.</li> <li>Senior Users and the Project Board accountable for reviewing risks throughout the project.</li> </ul> <p>Issues recorded on these logs are being discussed with Senior Users who are part of the project's functions. Solutions are offered. However, the main issue is around resourcing.</p>	<p>example, ensuring individual items on issues logs are acted upon. In addition, a review of project documents may identify risks not identified by the service area.</p> <p>Where there is a technical issue, this may be more appropriate for key stakeholders to report individually to the board so there is no misunderstanding of the issue.</p> <p>Currently as detailed in appendix A Project Functions within the PID. it appears the project Manager is responsible for reporting risks and issues, but should there also be accountability for reviewing risk by the Senior User and Project Board throughout the project?</p>	<p>Responsible Officer: Head of Transformation, OD &amp; Digital Services By: December 2021</p> <p>The review of the Project Management Framework will outline the Senior User and Project Board responsibilities in relation to risks and issues and the actions needed to mitigate them.</p> <p>Responsible Officer: Business Improvement Manager By: December 2021</p>	<p>the status of Category 3 projects, Category 2 where applicable (for example: complexity/political or budget implications), receive updates from projects led by third party organisations Project Managers will be required to report on project scope, time, budget, approvals, direction of travel, phases and escalations.</p> <p>The reporting template includes a RAG rating to identify the level of risk. A red indicator could be one or more of the following:</p> <ul style="list-style-type: none"> <li>A significant forecast over spends against budget</li> <li>Delays against critical milestones</li> <li>Problems with quality that lead to significantly increased work and cost</li> <li>Significant lack of resources which cannot be resolved by the project manager.</li> <li>Dissatisfaction or resistance from stakeholders that mean acceptance may be delayed all the benefits not achieved</li> </ul> <p>When considering a project with red indicators, senior</p>
--	---	--	---	---

---

			<p>management are advised to review the project with the project manager to identify the root causes and identify an action plan required to prevent further deterioration and minimise the damage caused to the overall organisation.</p> <p>An amber indicator can be an indicator of one or more of the following:</p> <ul style="list-style-type: none"><li>• A significant forecast overspends against the budget of say more than 5%.</li><li>• Delays against critical milestones more than say two weeks.</li><li>• Problems with quality therefore actions may be required.</li><li>• Lack of resources which can be resolved by the project manager.</li><li>• Dissatisfaction or resistance from stakeholders addressed by the project manager</li></ul> <p>In response to an amber indicator, senior management are advised they may want to maintain a watching brief over</p>
--	--	--	---

				those projects not necessarily intervening but keeping an eye on the potential for the project to move into the red.
5	<p><b>Service Improvement Projects (projects excluded from the Prince 2 methodology)</b></p> <p><b>Testing identified:</b></p> <p>Projects listed on the draft corporate project register were found to have not followed the methodology as they were deemed as service improvements by the project leads.</p>	<p>Decided as to what type of projects should have corporate oversight and monitoring and there is a clear process to follow for any projects that fall outside the project's framework. Explore Microsoft projects application to see if this could be used for projects that fall outside the prince 2 framework.</p> <p>Currently all projects are being managed in house. It would be advisable to consider what oversight the authority would have on projects led by 3<sup>rd</sup> parties and how the risk would be managed.</p>	<p>Options for the approach to projects identified as being outside of the project framework will be included in the review of this document. Suitable option will be agreed with the CMT. It is anticipated that reporting to CMT will be by exception via the service manager or project lead.</p> <p>Options to ensure feedback is received about the progress of externally managed partner projects will be included in the Project Management Framework after further discussion with the CMT.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2021</p>	<p><b>Implemented</b></p> <p>Details of projects outside the monitoring scope are included within Project Management Framework on page 2 (Cat 1 Continuous Improvement)</p> <p>These are "Service improvement" projects. Usually within a service, change activity that should run alongside business-as-usual activities. Where managers are acting on what needs to happen, doing the right thing and making necessary changes.</p> <p>Within the monitoring Section of the Project Management Framework. It states that CMT require assurance around outcomes and overall project coordination, this will include updates from projects led by third party organisations.</p>



<p>6</p>	<p><b>Training</b></p> <p><b>Testing identified:</b></p> <p>Officers working on projects outside of the methodology felt comfortable leading the projects due to their technical knowledge and expertise of working within that service. These officers were not aware of the methodology.</p> <p>There are currently 14 staff across RBC and BDC that are recorded as have Prince2 Foundation on the central training record and 6 staff that have completed the Introduction to Project Management training</p>	<p>There is corporate oversight to ensure that there is sufficient staff that have the skills needed to lead on complex projects. Consider skills needed for projects outside of the framework to ensure Officers are competent to deliver the project/service improvement in line with corporate policy. In service areas where there are no staff trained on Prince 2 ensure there is policy and procedures in place and technical officers have capacity to take time away from their day job to work on the project when considering resources needed for the project.</p> <p>Use the information within the lesson learnt and feedback from the project lead to look for ways to improve the process and ensure officers working on projects are kept up to date with any learning and changes to the process.</p>	<p>Heads of Service will arrange for some of their teams to undertake project management training in order to improve and increase the project management skills within the organisation.</p> <p>Responsible officer: CMT and Business Improvement Manager By: March 2022</p> <p>Following the amendments to the Project Management Framework, the Business Improvement Team will provide and facilitate training sessions to service managers. This will include the importance and use of all elements of the framework including: issue logs, lessons learnt, and risk logs and the actions required for success.</p> <p>Responsible Officer: Business Improvement Manager By: February 2022</p>	<p><b>Partially Implemented</b></p> <p>Heads of Service are to consider which team members required Prince 2 training within their areas and confirmed with Learning &amp; Development it will be incorporated into the corporate training programme. Until training takes place, those trained and willing to support others are listed in team's channel.</p> <p><b>Implemented</b></p> <p>Actions taken place:</p> <p>A Project Management Framework Teams channel has been set up which provides :</p> <ul style="list-style-type: none"> <li>• Discussion opportunities</li> <li>• Presentation slides &amp; Project Management Folder within Teams.msg Project Management Framework</li> </ul> <p>The Project Management Framework is available to refer to on the orb</p>
----------	---	---	---	--

				<p>All 4<sup>th</sup> &amp; 5<sup>th</sup> tier managers and service specific staff were invited to attend “awareness &amp; training” sessions. 7 sessions were carried out within March 22 where around 90 attended.</p> <p>Communications in Team brief &amp; Oracle</p>
7	<p><b>Methodology, Record Keeping and Resourcing</b></p> <p><b>Testing identified;</b></p> <ul style="list-style-type: none"> <li>A Business Case ‘Improvement to HRA through Rent Management System’ which was approved dated July 2020 on the document but still shown as draft. To prevent any confusion, documents which are approved should be complete and changed to Final.</li> <li>Approval for the business case was not held within the audit trail by the project lead. To safeguard the project lead it would be advisable to hold a copy of approval (where they are not recorded within minutes) for the various stages of the project in a retrievable form such as an email. This is to prevent any misunderstand</li> </ul>	<p>Resilience is needed within project team should officers resign or transfer to other positions within the council, or not be available for work due to other commitments/illness. This is especially important for complex projects where individual knowledge is gained on project elements that may not be easily or quickly transferred.</p> <p>A process to evidence approval of the Business Case and Project Board Project Initiation Document (PID and decision making.</p>	<p>The option to nominate a deputy project manager will be included in the review of the Project Management Framework. Particularly for high value, complex projects. This will be dependent on budget and resource constraints.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2022</p> <p>The need to evidence Business case and PID approval will be</p>	<p><b>Implemented</b></p> <ol style="list-style-type: none"> <li>Within the Project Management Framework - Project Scope Document template. There is mention under the team role for a nominee Deputy project Manager for high complexity project and budget availability.</li> <li>Within updated framework Section 6 The approval Process – Business Case and training slides it states how approval should be obtained.</li> </ol> <p><b>Not Implemented (covered off in ref 3 above)</b></p>

	<p>or future challenges over decisions made.</p> <ul style="list-style-type: none"> <li>• Within the Project Board Project Initiation Document (PID) there were names against suppliers missing. For resilience documents should be fully completed or an audit trail if information provided at a later stage so that information can be retrieved within a timely manner should the project lead not be available.</li> <li>• Within the framework there is a Data Protection Impact Assessment (DPIA) process to evidence compliance with the requirements of the General Data Protection Regulations 2018. The testing established that Data Protection assessment document was still in draft. The framework suggests this needs to be completed if you are starting a project especially when they will be new systems.</li> </ul>	<p>Maintaining an accurate audit trail held centrally and available to the corporate team will help to understand the decisions that have been made up to that point and the progress to date. Consideration could be given to a deputy project manager for complex and long projects to improve resilience and avoid a potential single point of failure.</p> <p>The audit trail must contain evidence of approvals/decision making in the event of a challenge and to safeguard the officer.</p>	<p>actioned with amendments to the Project Management Framework, as well as covered in the training sessions.</p> <p>Responsible Officer: Business Improvement Manager By: December 2021</p> <p>See point 3 regarding the use of a technical system to store project data.</p> <p>Responsible Officer: Business Improvement Manager By: March 2022</p>	<p>3. Please see Ref 3 - Recording, monitoring and reporting of Projects (The use of the 4Risk system is still to be explored for suitability. A temporary process has been in use since Jan 22 utilising Teams channel).</p>
8	<p><b>Transparency</b></p> <p>Reference within the methodology for committee reporting on projects was not identified.</p>	<p>Clear process in place to define what project information is reported to members routinely and additionally an escalation process for when project information needs to reported to members due to its nature to ensure transparency.</p>	<p>This process will be defined in the review of the Project Management Framework in consultation with the CMT.</p> <p>Responsible Officer: Business Improvement Manager</p>	<p><b>Implemented process</b></p> <p>It has been agreed with the CEO that regular corporate performance reporting to Members will take place on a quarterly basis. Any project progress reporting will be included in these reports on a 'by</p>

**BROMSGROVE DISTRICT COUNCIL**

**Audit, Governance & Standards Committee**

**19<sup>th</sup> January 2023**

---

			By: December 2022	exception' basis. (Section 9 Monitoring Project Management Framework)
--	--	--	-------------------	---

**Audit, Governance & Standards Committee**

**19<sup>th</sup> January 2023**

**REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder		
Lead Director / Head of Service		
Financial Services		
Legal Services		
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

This page is intentionally left blank

#### Financial Savings Monitoring Report

Relevant Portfolio Holder		Councillor Denaro – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted		Yes
Relevant Head of Service		Michelle Howell
Report Author	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:michelle.howell@bromsgroveandredditch.gov.uk">michelle.howell@bromsgroveandredditch.gov.uk</a> Contact Tel:	
Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Strategic Purpose(s)		All
Key Decision / Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		
This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended		

### 1. RECOMMENDATIONS

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

- 1) **Progress on 2022/23 Departmental Savings be noted.**
- 2) **Progress on Efficiency Savings be reported back to this Committee following allocations as part of Quarter 2 2022/23 monitoring be noted**
- 3) **Present Council overspend position for 2022-23 and actions to mitigate this be noted.**

### 2. BACKGROUND

- 2.1 As part of the 2022/23 budget, which was agreed at Council in February 2022, there were several savings options approved to deliver the balanced budget for the year. These amounted to £176k of Departmental Savings. In addition, a further £478k of existing efficiency savings were carried forward from the 2021/22 financial year. These savings require allocation to departmental budgets. Both sets of savings are shown in Appendix A.
- 2.2 The Quarter 2 Finance and Performance Monitoring report was on the Cabinet Agenda for the 23<sup>rd</sup> November 2022.
- 2.3 The financial section of the report sets out progress against budget. The £12.1m original revenue budget included in the table below is the budget that was approved by Council in March 2022. The projected

outturn figure at Q2 is a £341k overspend, which is a significant increase on the £53k overspend position Reported in Q1.

	2022/23 Full Year Budget	2022/23 Cross- cutting saving allocation	2022/23 Revised Budget	2022/23 Q2 Actuals	2022/23 Adjusted Forecast Outturn	2022/23 Adjusted Forecast Outturn Variance (Under) / Over spend
Regulatory Client	228,063	0	228,063	77,430	228,063	0
Business Transformation & Organisational Development	1,857,867	(156,971)	1,700,896	150,843	1,700,518	(378)
Chief Executive	1,797,361	(3,293)	1,794,068	373,488	1,734,299	(59,768)
Community & Housing GF Services	1,093,315	(80,173)	1,013,142	8,860	1,026,939	13,797
Environmental Services	3,438,085	(42,175)	3,395,910	(1,843,203)	3,338,891	(57,019)
Financial & Customer Services	1,406,322	(87,038)	1,319,284	588,789	1,325,007	5,723
Legal, Democratic & Property Services	1,146,850	(4,235)	1,142,615	283,446	1,528,195	385,580
Planning, Regeneration & Leisure Services	1,578,027	(50,182)	1,527,845	569,221	1,527,845	0
Cross cutting savings and efficiency targets	(477,890)	424,067	(53,823)	0	0	53,823
<b>Net Expenditure before Corporate Financing</b>	<b>12,068,000</b>	<b>0</b>	<b>12,068,000</b>	<b>208,874</b>	<b>12,409,757</b>	<b>341,758</b>

- 2.4 This over-spend position includes the allocation of the £428k of non-allocated savings and efficiency targets from previous years which totalled £478k at the start of this financial year. There is still £53k, which forms part of the overall overspend position, to allocate. As highlighted in the October report, these savings and efficiencies have been allocated against employee budgets as per the table above. The table below sets out the adjusted Q1 position compared against the Q2 position, which is a £289k deterioration in position.
- 2.5 The main reason for this is Facilities Management/SLM (£408k overspend) – The Council has a contract with SLM to deliver Leisure Management Services on its behalf at Bromsgrove Sports and Leisure Centre (BSLC). During the Covid-19 pandemic, the BSLC had to temporarily close and received financial support from the Council via the General Covid-19 grant. The Leisure sector continues to recover from the effects of the Covid-19 pandemic, and it is therefore prudent to reflect an anticipated in-year pressure in this area.



	Q1 Posn  £000	Allocation of Efficiency Target £000	Revised Q1 Posn  £000	Q2 Posn  £000	Var Q1 to Q2  £000
Regulatory Client	0	0	0	0	0
Business Transformation & Org Development	(156)	156	0	0	0
Chief Executive	(3)	3	0	(60)	(60)
Community & Housing GF Services	(80)	80	0	14	14
Environmental Services	(42)	42	0	(57)	(57)
Financial & Customer Services	(87)	87	0	6	6
Legal, Democratic and Customer Services	(4)	4	0	386	386
Planning, Regeneration & Leisure Services	(50)	50	0	0	0
Cross Cutting Savings and Efficiency Target	477	424	53	53	0
	<b>53</b>	<b>0</b>	<b>53</b>	<b>342</b>	<b>289</b>

2.6 Departmental Savings (as per the 2022/23 MTFP) are shown to be on track for delivery as per the data contained in Appendix A.

2.7 The monitoring report summarises the detailed position in each services area. These are shown in Appendix B.

2.8 However, **the £342k overspend position is just as at Q2**. We also need to adjust for the following factors

- The £1925 per pay point pay award was paid in December to staff. This has an overall effect of increasing cost in year by another **£720k**. This funding imbalance has been mitigated in the ongoing budgets.
- The **£411k** of reserves which were already supporting the budget as per the 2022/23 Medium Term Financial Plan (MTFP).

This means that in 2022/23 the Council has an in year **overspend position of £1.472m** which will reduce General Fund Reserves from their opening position of £4.485m to £3,013m.

2.9 The Council are looking at ways to mitigate this in year overspend position and using initiatives such as those set out in the MTFP Report which will be discussed at Cabinet on the 18<sup>th</sup> January 2023.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The two sets of savings have significant financial implications.
- 3.2 The Departmental Savings totalling £175k is on track for delivery
- 3.3 £424k of the £477k Cross Cutting savings have been allocated leaving £53k to be allocated. Monitoring the delivery to these signifies a risk to the authority.
- 3.4 This is however only part of the picture. There are also £720k of additional employee costs following the national pay award this year and £411k of reserves already supporting the budget. These also require monitoring.

### **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.

#### **Climate Change Implications**

- 5.2 The green thread runs through the Council Plan. 2022/23 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 2022/23 Budget process.

**Operational Implications**

- 6.2 Operational implications will have been dealt with as part of the 2022/23 Budget process.

**7. RISK MANAGEMENT**

- 7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant affect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2022.

**8. APPENDICES and BACKGROUND PAPERS**

- Appendix A – Bromsgrove Savings Monitoring 2022/23  
Appendix B – Q2 Revenue Monitoring Narrative

**9. REPORT SIGN OFF**

Department	Name and Job Title	Date
Portfolio Holder		
Lead Director / Head of Service		
Financial Services		
Legal Services		
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

### Appendix A – Bromsgrove Savings Monitoring 2022/23

Department	Strategic Purpose	Description of saving	2022-23 £'000	2023-24 £'000	2024-25 £'000	RAG Status	Comments
Corporate Administration / Central Post Opening	Enabling of the Authority	Non recruitment to vacancy post - Shared Service Ring Reduction	-19	-19	-20	green	This has been actioned via main salaries
Reg Client	Communities which are safe, well maintained and green	Additional WRS Hosting Charge	-10	-10	-10	green	Additional WRS Hosting Charge - Agreed at WRS Board Nov 21 and implemented
Environmental Services	Communities which are Safe, Well Maintained and Green	Increase to promotional budget to support increased income generation.	-10	-10	-10	green	Environmental Services overall is showing a £57k underspend for Q2
Environmental Services	Communities which are Safe, Well Maintained and Green	Bromsgrove District Council Place teams review	-30	-30	-30	green	Developing a combined team with bin deliveries that covers both BDC and RBC. This will deliver efficiencies and more commercial opportunities. On track as per Q2 Monitoring.
Environmental Services	Communities which are Safe, Well Maintained and Green	Bulky waste income	-10	-10	-10	green	This was removal of one of environmental services TL role - grade 9
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings from vacant post not required	-52	-52	-52	green	This is the impact of the above changes across both Councils.
Environmental Services	Communities which are Safe, Well Maintained and Green	Savings from vacant post not required	27	27	27	green	
Lifeline	Living independent, active & healthy lives	Future income generation options	-20	-20	-20	green	Lifeline is showing delivery to budget in Q2 monitoring
Financial services	Enabling of the Authority	Life insurance scheme saving	-35	-35	-35	green	Actioned on DBS 28.01.22. Delivered on budget
Corporate Administration / Central Post Opening	Enabling of the Authority	Reduction in consumables eg paper and reduction of MFDs in print contract	-14	-14	-14	green	This is being monitored as cross Council but Agile Working significantly helps delivery
Democratic Services	Enabling the Authority	Services restructure	-3	-3	-3	green	Actioned via main salaries
<b>TOTAL</b>			<b>-176</b>	<b>-176</b>	<b>-176</b>		
Corporate Services	Enabling Services	Efficiency Savings	-316	-416	-336	Green	As per report £422k and the total £478k of savings have been delivered leaving £54k
Corporate Services	Enabling Services	Salary Vacancy Target - 2%	-162	-162	-162	Amber	As per report £422k and the total £478k of savings have been delivered leaving £54k
<b>TOTAL</b>			<b>-478</b>	<b>-578</b>	<b>-498</b>		

**Appendix B – Q2 Revenue Monitoring Narrative*****Business Transformation & Organisational Development – breakeven position***

Within Business Transformation & Organisational Development there is a forecast breakeven position at quarter 2. This is after the absorption of £157k cross cutting efficiency savings targets based upon forecast underspends at quarter 1 within ICT due to anticipated budget efficiencies and Human Resources due to vacancies within the service.

***Chief Executive – £60k underspend***

Within the Chief Executive area there is a forecast underspend due to anticipated budget efficiencies against expenditure budgets.

***Community and Housing General Fund Services - £14k overspend***

Within Community and Housing General Fund Services there are two services in particular that have a significant forecast outturn variance against budget:

- Housing Options (£74k overspend) – This is mainly as a result of increasing expenditure linked to increases in demand for housing support. It is important to note that, the present cost of living crisis may result in increases in demand for council services, which at the point of writing cannot be fully quantified in this forecast.

- Community Safety/CCTV (£55k underspend) – This is mainly as a result of vacancies within the team.

This overall overspend forecast is after the absorption of £80k cross cutting efficiency savings targets based upon forecast underspends at quarter 1.

***Environmental Services – £57k underspend***

Within Environmental Services there are four services in particular that have a significant forecast outturn variance against budget:

- Place Teams (£47k underspend) – This is mainly as a result of vacancies within the team.

- Car Parks (£42k underspend) – This forecast position is due to projected increases in usage of car parks following recovery from the Covid-19 pandemic.

- Stores & Depots (£26k underspend) – This is mainly as a result of vacancies within the team.

- Engineering & Design (£46k overspend) – This forecast position has arisen due to increases in grounds maintenance works.

This overall underspend position is after the absorption of £42k cross cutting efficiency savings targets based upon forecast underspends at Quarter 1 within Engineering & Design and Place Teams due to vacancies and budget efficiencies respectively.

***Finance & Customer Services - £6k overspend***

Within Finance & Customer Services there is a small forecast overspend after the absorption of £87k cross cutting efficiency savings targets based upon forecast underspends at quarter 1. This position will continue to be reviewed in light of pressures within the service, with further updates provided during 2022/23.

***Legal, Democratic and Property Services - £386k overspend***

Within Legal, Democratic and Property Services the overall forecast overspend has arisen largely due to variances within two service areas:

- **Facilities Management/SLM (£408k overspend)** – The Council has a contract with SLM to deliver Leisure Management Services on its behalf at Bromsgrove Sports and Leisure Centre (BSLC). During the Covid-19 pandemic, the BSLC had to temporarily close and received financial support from the Council via the General Covid-19 grant. The Leisure sector continues to recover from the effects of the Covid-19 pandemic, and it is therefore prudent to reflect an anticipated in-year pressure in this area.
- **Democratic Services (£19k underspend)** – There is an underspend forecast due to vacancies within the team at the start of the financial year, which have now been recruited to.

This overall forecast overspend is after the absorption of £4k cross cutting efficiency savings targets based upon forecast underspends at quarter 1.

***Planning, Regeneration and Leisure Services – breakeven position***

A breakeven position is currently forecast within Planning, Regeneration and Leisure Services. This is after the absorption of £50k cross cutting efficiency savings targets based upon forecast underspends at quarter 1 within Development Services and Parks, Open Spaces and Events due to anticipated budget efficiencies and a vacancy respectively.

***Cross cutting savings and efficiency targets - £54k to be delivered***

There is a forecast overspend due to organisational efficiency targets that have not been allocated to service areas and cross council savings and efficiency initiatives. Organisational efficiency targets totalling £424k have been allocated to service areas based upon forecast underspends as at quarter 1; predominantly linked to vacancies. This will be kept under review as we progress through the financial year. It is important to note however that forecast underspends within other service areas, as detailed in this report, will help to achieve this target. This will be kept under review as we progress through the financial year.

**Audit, Standards and Governance Committee  
2023**

19th Jan

---

***Regulatory Client***

A breakeven position on the Regulatory Client is currently forecast for the year.



## BROMSGROVE DISTRICT COUNCIL

### Audit, Standards and Governance Committee 19<sup>th</sup> January 2023

#### Quarterly Risk Update

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell, Head of Finance and Customer Services
Report Author Peter Carpenter	Job Title: Interim S151 Officer Contact Pete Carpenter email: peter.carpenter@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	Aspiration, work and financial independence
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

#### 1. SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

#### 2. RECOMMENDATIONS

**The Committee is asked to consider:**

- The present list of Corporate and Departmental Risks and request any additional risks to be considered.

#### 3. KEY ISSUES

##### Background

- 3.1 In 2018/19, an audit of Risk Management provided an assurance level of limited assurance due to weaknesses in the design and inconsistent application of controls. As a result of the audit, a review was commissioned and undertaken by Zurich Municipal to consider the Council's risk management arrangements and to advise of any recommendations. In response to the Zurich review a Risk Management Strategy was produced for both Bromsgrove District Council and Redditch Borough Council.
- 3.2 A follow-up review was carried out by Internal Audit in March 2021 (Final Report June 2021) with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given.

## BROMSGROVE DISTRICT COUNCIL

### Audit, Standards and Governance Committee 19<sup>th</sup> January 2023

- 3.3 CMT, on the 16th March 2022, acknowledged that there is a risk management system in place, and there are areas of good practice however this was not uniform across the Councils. The embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. It recommended that:
- An initial Officer Risk Board to take place on in the first week of April 2022. This happened on the 8th April. Three further rounds of the Officer Board have now taken place on the 22<sup>nd</sup> June, the 21<sup>st</sup> September, and the 21<sup>st</sup> December to embed processes.
  - Each department nominate a representative to a Risk Board. These representatives meet on a quarterly basis and report back to management teams.
  - Each department to complete an updated Risk Register by Wednesday 6th April. This Report is the third update of the Risk Register following that initial re-baselining on the 6<sup>th</sup> April.
  - That the Audit Committee, which met in the week commencing the 11th April, be verbally updated on Progress. The Audit Committee reviewed Risk Registers in July and October and this Report is the third round of updates being reported to embed that process. These reports have also been presented to Cabinet.
  - CMT be updated at their meeting on 13th April on progress and ongoing on progress. CMT were presented with an initial draft Corporate Risk Register for approval, and further updates were presented to Cabinet at the end of June, the end of September, and the end of December to embed the overall process.
  - That updated reports are prepared for next cycle of Audit, Standards and Governance Committee. This cycle is in January 2023 and is the third series of updates.
  - That the Officer Group update the Risk Register and formally report for CMT on a quarterly basis. These quarterly updates happened on the 29<sup>th</sup> June, 28<sup>th</sup> September, and 21<sup>st</sup> December.

#### The Definition of a Corporate Risk

- 3.4 The Council has existing Corporate and Departmental Risks. Members of the Risk Board were not sure of the link on how Risks on system had become Corporate in nature.

- 3.5 The following definition of a of how Risks move from being “departmental” to being “corporate” in nature was recommended by the Risk Group and approved by CMT.

“For a **Risk** to move from being **Departmental** in nature to being **Corporate** in nature that it ***must have significant impact on Councils finances, be cross departmental in nature and/or result in Serious reputational damage.*** The Officer Risk Board will vet departmental risks using this definition to move then to Corporate Risks at their quarterly meetings.”

- 3.6 At the June Officer Risk Board it was agreed that “Green” Departmental Risks should be taken off this list if they have been to two consecutive meetings and mitigating actions have been fully put into place for them. This report takes account of this requirement being 2 meetings since the original baseline was reported.

## BROMSGROVE DISTRICT COUNCIL

### Audit, Standards and Governance Committee 19<sup>th</sup> January 2023

#### The 4Risk System

- 3.6 The Council have reviewed the use of the 4Risk system to manage its risks. It was the view of the Officer Risk Board, and endorsed by CMT, that this was fit for purpose but like any system it needed to be properly completed and updated. The Officer Risk Board reviews this on a quarterly basis.

The baseline Departmental Risks are included in the following table – this was prior to any Risk Board meetings in April which started to actively challenge, mitigate and remove/add where relevant Risks.

The baseline risks are included in the following table – this is prior to any Risk Board meetings.

<b>Service Area</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Customer Access and Financial Support	12	20	13	45
Finance	0	0	4	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities and Democratic Services	0	0	7	7
ICT	2	4	5	11
Planning Services	0	1	1	2
Housing	0	4	5	9
Community Services	1	1	5	7
HR	0	0	1	1
<b>Total</b>	<b>15</b>	<b>35</b>	<b>55</b>	<b>105</b>

After the Risk Board on the 22<sup>nd</sup> June, the following changes have been made which saw the number of risks reduce as follows to 82 Risks

<b>Service Area</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Customer Access and Financial Support	0	6	12	18
Finance	0	2	2	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities, Democratic Services & Property	0	3	9	12
ICT	2	6	2	10
Planning Services	0	2	1	3
Housing	0	3	4	7
Community Services	0	2	6	8
HR	0	0	1	1
<b>Total</b>	<b>2</b>	<b>29</b>	<b>51</b>	<b>82</b>

## BROMSGROVE DISTRICT COUNCIL

### Audit, Standards and Governance Committee 19<sup>th</sup> January 2023

The two departmental red risks are:

- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements
- ICT 11 - System functionality to manage records

As at the 21<sup>st</sup> December, Risks and their categorizations have fallen to the levels in the following table with just 55 risks in total.

3.10 December, being the third cycle following the baselining exercise has seen a complete review of all departmental risks. Twenty-seven risks have been removed and a number of others have been re-categorised. This review process has been done in two stages

- All items have been reviewed by Risk Champions and respective DMT's in each Service Area. Service representatives continue to challenge individual items, which is on the data in the following Tabs underneath each Risk, to ensure that all controls and assurances are properly monitored.
- The Risk Board on the 14th December also went through all open risks to assess their validity, to ensure that assessment practices were consistent across service areas. This took account of the view that "Green" Departmental Risks should be taken off this list if they have been to two consecutive meetings and mitigating actions have been fully put into place. This was tested in the case of all remaining Green Risks

<b>Service Area</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Customer Access and Financial Support	1	5	10	<b>16</b>
Finance	0	2	2	<b>4</b>
Environmental Services	0	5	3	<b>8</b>
Leisure & Cultural Services	0	1	0	<b>1</b>
Legal, Equalities, Democratic Services & Property	1	1	5	<b>7</b>
ICT	0	2	2	<b>4</b>
Planning Services	0	1	0	<b>1</b>
Housing	0	3	4	<b>7</b>
Community Services	0	1	5	<b>6</b>
HR	0	0	1	<b>1</b>
<b>Total</b>	<b>2</b>	<b>21</b>	<b>32</b>	<b>55</b>

#### **Red Risks – 2 in total**

REV7 - Revenues - Performance Indicator data is not robust

LED13 - Legal – Bromsgrove Leisure Contracts

The previous two ICT Risks and Housing Risk have been mitigated

## BROMSGROVE DISTRICT COUNCIL

### Audit, Standards and Governance Committee 19<sup>th</sup> January 2023

- 3.11 A new risk will be added in Housing for the various implications of the Damp and Mould issues (which include rectification and also what the Council needs to undertake to ensure that Private Landlords comply with the regulations
- 3.12 Green risks, which have come off this report, if they are now being mitigated as part of “business as usual”.

#### Corporate Risks

- 3.8 The Officer Risk Board reviewed the risks in the above table at their meetings on the 8th April, 22<sup>nd</sup> June, 21<sup>st</sup> September and the 21<sup>st</sup> December using the new definition of “Corporate Risks”. The table below sets out the updated Corporate Risk Register that the Risk Board took to CMT and gained their approval.

Risk Ref	Risk Title	Risk Status
 COR 9	Non Compliance with Health and Safety Legislation	Open <a href="#">View</a>
 COR 10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence	Open <a href="#">View</a>
 COR 14	Non adherence with Statutory Inspection Policy	Open <a href="#">View</a>
 COR 15	Impact from Changes to Partner Funding Arrangements	Open <a href="#">View</a>
 COR 16	Management of Contracts	Open <a href="#">View</a>
 COR 17	Resolution of the Approved Budget Position	Open <a href="#">View</a>
 COR 18	Protection from Cyber Attack	Open <a href="#">View</a>
 COR 19	Adequate Workforce Planning	Open <a href="#">View</a>
 COR 20	Financial Precision Rectification	Open <a href="#">View</a>
 COR 21	BROMSGROVE DC Being placed into special measures due to quality of planning application decisions	Open <a href="#">View</a>

There is no change to the existing Corporate Risks. However, an Overarching Corporate Risk relating to the “cost of living” crisis will need to be added as this impacts numerous services and is specific in nature.

#### The Risk Management Framework

- 3.9 Risk Management Training. Given the active management of risks by service departments, we have seen numbers of departmental risks reduced by almost 50% although Corporate Risks have increased by 20%. At this time it is felt that a series of Risk Management Training is not required as processes seem to be being embedded in the organisations.

#### 4. Legal Implications

- 4.1 No Legal implications have been identified.

## **BROMSGROVE DISTRICT COUNCIL**

### **Audit, Standards and Governance Committee 19<sup>th</sup> January 2023**

#### **5. Financial Implications**

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

#### **6. Strategic Purpose Implications**

##### **Relevant Strategic Purpose**

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

##### **Climate Change Implications**

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

#### **7. Other Implications**

##### **Customer / Equalities and Diversity Implications**

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

##### **Operational Implications**

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

#### **8. RISK MANAGEMENT**

- 8.1 This report is about Risk Management.

#### **9. APPENDENCES**

None

#### **AUTHOR OF REPORT**

Name: Pete Carpenter– Interim Director of Finance  
E Mail: [Peter.Carpenter@bromsgroveandredditchbc.gov.uk](mailto:Peter.Carpenter@bromsgroveandredditchbc.gov.uk)

### Audit, Standards & Governance Committee 2023

19<sup>th</sup> January

#### Arrangements for a Root and Branch Investigation – Section 24 Notice

Relevant Portfolio Holder		Councillor Geoff Denaro
Portfolio Holder Consulted		
Relevant Head of Service		Claire Felton, Head of Legal Democratic and Property Services
Report Author Claire Felton	Job Title: Head of Legal, Democratic and Property Services Contact <span style="float: right;">email:</span> <a href="mailto:c.felton@bromsgroveandredditch.gov.uk">c.felton@bromsgroveandredditch.gov.uk</a>	
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, Standards and Governance Committee is asked to RESOLVE that:**

- 1) **An Audit Task Group be established to undertake the root and branch investigation of how the Council arrived at a section 24 notice;**
- 2) **That nominations be agreed for the position of Chairman and Vice Chairman of the Audit Task Group;**
- 3) **That nominations be agreed for the membership of the Audit Task Group; and**
- 4) **The proposed terms of reference for the Audit Task Group, attached at Appendix 1, be approved.**
- 5) **The timescales for the root and branch investigation to take place within and be completed be agreed.**

#### 2. BACKGROUND

- 2.1 In 2022, the Council was issued with a Statutory Recommendation by the authority's external auditors, Grant Thornton, under Section 24 of the Local Audit and Accountability Act 2014. The key reason for this

**Audit, Standards &  
Governance Committee  
2023**19<sup>th</sup> January

---

statutory recommendation was the non-delivery of the Council's 2020-21 accounts.

- 2.2 Reports in respect of the Section 24 Notice was considered at meetings of the Audit, Standards and Governance Committee on 9<sup>th</sup> November and full Council on 7<sup>th</sup> December 2022.
- 2.3 At both of these meetings, Members accepted the Statutory Recommendation.
- 2.4 However, at the Council meeting held on 7<sup>th</sup> December 2022, Members recommendation to the Audit, Standards and Governance Committee that the Committee should carry out a root and branch investigation on how the Council arrived at the Section 24 Notice.
- 2.5 The Audit, Standards and Governance Committee subsequently considered and approved this recommendation at a meeting held on 14<sup>th</sup> December 2022.
- 2.6 It was also agreed that further information about arrangements for a root and branch investigation should be considered at the following meeting of the Audit, Standards and Governance Committee, although there was general agreement that this review should be undertaken by a Task and Finish Group (Task Group) commissioned by the Committee.

**3. OPERATIONAL ISSUES**

- 3.1 Paragraph 13 of the Audit, Standards and Governance Committee's Procedure Rules, at Part 13 of the Council's constitution, permits the Committee to undertake investigations and enquiries. For this, Members may do "things that it reasonably considers necessary to inform the Audit, Standards and Governance Committee in its deliberations."
- 3.2 A Task Group commissioned by the Audit, Standards and Governance Committee could therefore be tasked with undertaking a root and branch investigation on how the Council arrived at a Section 24 Notice on behalf of the Committee.
- 3.3 As with Overview and Scrutiny Task Groups, it is proposed that the Audit Task Group should have specific terms of reference, to ensure that the investigation remains focused. Suggested terms of reference are attached at Appendix 1.



**Audit, Standards &  
Governance Committee  
2023**

19<sup>th</sup> January

---

## **Audit, Standards & Governance Committee 2023**

19<sup>th</sup> January

---

- 3.4 As with Overview and Scrutiny Task Groups, there is no requirement for the membership of the Audit Task Group to be politically balanced. However, to ensure that a range of perspectives are considered, it would be good practice to ensure that all political groups are provided with an opportunity to nominate Members to sit on the Audit Task Group.
- 3.5 To ensure that there is no delay to the launch of the investigation, the Audit Standards and Governance Committee may wish to appoint members of the Committee who volunteer at the meeting on 19<sup>th</sup> January 2023 to serve on the Audit Task Group.
- 3.6 The Committee Terms of Reference, at Part 5 of the Council's constitution, stipulate that Members of the Cabinet and Chairman of the Council may not act as Members of nor serve as substitutes at meetings of the Audit, Standards and Governance Committee. It is suggested that the same restrictions to membership should apply in respect of the membership of the Audit Task Group.
- 3.7 Currently, a member of the Overview and Scrutiny Board is required to be appointed as Chairman of a Scrutiny Task Group, although the rest of the membership can be derived from the scrutiny "pool" of members (i.e. those Members who do not serve on the Cabinet). This arrangement ensure that the Chairman of the Task Group can provide regular updates to the Board on the work of the group and the Board can amend arrangements based on these updates if this is considered to be appropriate. It is suggested that a similar arrangement would be preferable for the Audit Task Group to ensure that the Audit, Standards and Governance Committee retains oversight of the work of the group.
- 3.8 Officers are proposing that, in order to ensure that lessons are learned from this investigation in a timely manner, the deadline for this review should be the end of February 2023. In order to meet this deadline, meetings will need to be held on a regular basis in January and February 2023.
- 3.9 As with Scrutiny Task Groups, an Audit Task Group is an informal body which could meet remotely and in private. This would make it easier to convene regular meetings in the tight timescales available. To ensure transparency in the process, the findings of the group will be reported back in the public domain at meetings of the Audit, Standards and Governance Committee.

**Audit, Standards &  
Governance Committee  
2023**19<sup>th</sup> January

---

**4. FINANCIAL IMPLICATIONS**

- 4.1 The purpose of the Audit Task Group would be to undertake a root and branch investigation of the reasons for the Council receiving a Section 24 Notice. The Council should learn lessons from this investigation which will help to improve the budget setting and accounts preparation process in the future.
- 4.2 There are no specific financial implications arising from convening meetings of an Audit Task Group, beyond officer time.

**5. LEGAL IMPLICATIONS**

- 5.1 The Council's external auditors, Grant Thornton, issued written recommendations under Section 24 of the Local Audit and Accountability Act 2014 to Council in 2022. The key reason for the Statutory Recommendation was the non-delivery of the Council's Statutory Accounts for 2020/21.
- 5.2 Schedule 7 of the Local Audit and Accountability Act 2014 required the Council to consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council. This occurred at the meeting of Council held on 7<sup>th</sup> December 2022.
- 5.3 At that meeting of Council, This will take place at the Council meeting on the 7<sup>th</sup> December, Members agreed to accept the Statutory Recommendation, thereby addressing the legal duty to determine whether to accept the recommendation.
- 5.4 Schedule 7 of the Local Audit and Accountability Act 2014 also requires Members to determine what action, if any, to take in response to the statutory recommendation. The action proposed by Members, to undertake a root and branch investigation of how the Council ultimately received a Section 24 Notice, corresponds with this legal duty.

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

- 6.1 The root and branch review of the causes of the Section 24 Notice issued to the Council will help the Council to learn lessons for the future. This should support the strategic purpose to be an Effective and Sustainable Council.

## **Audit, Standards & Governance Committee 2023**

19<sup>th</sup> January

---

### **Climate Change Implications**

- 6.2 There are no specific climate change implications.

### **Equalities and Diversity Implications**

- 6.3 There are no specific equalities and diversity implications.

## **7. RISK MANAGEMENT**

- 7.1 There is a risk that if a robust investigation is not carried out by an Audit Task Group then lessons may not be learned for the future.
- 7.2 There is a risk that if Members wanted to hold all meetings of the Audit Task Group in public then this could delay progress with the investigation. Meetings could only take place where statutory deadlines have been met in terms of agenda publication. The same rules do not apply to private and informal meetings, which provides greater flexibility.

## **8. APPENDICES and BACKGROUND PAPERS**

### Appendix

Appendix 1 – Proposed terms of reference for the Audit Task Group

Appendix 2 - An extract from the minutes of the Council meeting held on 7<sup>th</sup> December 2022.

### Background Papers:

Section 24 Report – considered at the Audit, Standards and Governance Committee meeting held on 9<sup>th</sup> November 2022: [Agenda for the Audit, Standards and Governance Committee, 09/11/2022 18:00 \(bromsgrove.gov.uk\)](#)

## Audit, Standards & Governance Committee 2023

19<sup>th</sup> January

### 9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro	
Lead Director / Head of Service	Claire Felton, Head of Legal, Democratic and Property Services	
Financial Services	Pete Carpenter, Interim Section 151 Officer	January 2023
Legal Services	Claire Felton, Head of Legal, Democratic and Property Services	

This page is intentionally left blank

**APPENDIX 1**  
**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**  
**- Audit Task Group**

Terms of reference

The investigation will involve Members undertaking a root and branch review of how the Council came to be issued with a Section 24 Notice. In order to achieve this, the Task Group may do the following:

1. Consider written documentation, including reports, relevant to the issuing of the Section 24 Notice.
2. Interview representatives of the Council's external auditors, Grant Thornton, about the reasons for the issuing of the Section 24 Notice to the Council and action taken to address the issues raised in the Notice.
3. Interview representatives of Internal Audit regarding their views on the causes of the Section 24 Notice and the actions taken by the Council to address the issues raised in the notice.
4. Interview key Council Officers regarding the causes of the Section 24 Notice and action taken to address the issues raised in the Notice.
5. Interview the Portfolio Holder for Finance and Governance about the causes of the Section 24 Notice and the action taken to address the issues raised in the Notice.
6. Interview members of the Finance and Budget Scrutiny Working Group on their views of the causes of the Section 24 Notice and the Governance surrounding those decisions.
7. Review information regarding best practice provided both in writing and verbally during interviews.
8. Consider whether to make recommendations concerning lessons learned and any action that could be taken to enable the Council to avoid receiving any further Section 24 Notices in future.

Meeting Arrangements and Deadlines

1. The Task Group be made up of up to 7 Members with a quorum of 3.
2. The Task Group to have a Chairman and a Vice Chairman appointed from the membership of the Audit, Standards and Governance Committee.
3. Members of the Cabinet and the Chairman of the Council will not be permitted to serve as Members of the Audit Task Group.

# Agenda Item 11

4. The Task Group will meet on a weekly basis in January and February 2023.
5. Meetings will take place remotely on Microsoft Teams and meetings will be held in private.
6. The deadline for completion of the investigation will be 28<sup>th</sup> February 2023.
7. An update from the Task Group will be included as a standing item on the agenda of the Audit Standards and Governance Committee during the period in which the group will be undertaking its investigation and either a verbal or written report will be provided at each of the Committee's meetings.
8. Meetings of the Audit Task Group will be conducted in accordance with the Audit, Standards and Governance Committee's Procedure Rules, at Part 13 of the constitution.
9. The Task Group will report its findings, including any recommendations, in a written report that will be presented at a meeting of the Audit, Standards and Governance Committee after the investigation has been completed.
10. The work of the Task Group will be reviewed as part of the Audit, Standards and Governance Committee's annual report process.



## **AUDIT, STANDARDS & GOVERNANCE COMMITTEE**

### **WORK PROGRAMME 2022/23**

#### **17<sup>th</sup> January 2023**

- Election of Chairman for the Committee
- Election of Risk Champion
- Root and Branch Review on how the Council arrived at the Section 24 Notice – setting up the Review Task Group
- Standards Regime - Monitoring Officer's Report
- Update on submission of Statement of Accounts 2020/2021
- Grant Thornton Sector Update
- Internal Audit – Progress Report
- Financial Savings Monitoring Report
- Audit, Standards and Governance Committee Work Programme

#### **9<sup>th</sup> March 2023**

- Root and Branch Review on how the Council arrived at the Section 24 Notice - Update
- Standards Regime - Monitoring Officer's Report
- Grant Thornton – Audit Plan 2023-2024
- Internal Audit - Draft Audit Plan
- Statement of Accounts 2021/2022 – Update
- Audit, Standards and Governance Committee – Annual Report 2022 - 2023
- Risk Champion's Verbal Update
- Audit, Standards and Governance Committee Work Programme

\*postponed

This page is intentionally left blank