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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

MONDAY 29TH SEPTEMBER 2025

AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

MEMBERS: Councillors E. M. S. Gray (Chairman), S. T. Nock (Vice-Chairman), S. Ammar, R. Bailes, S. R. Colella, D. J. A. Forsythe, D. Hopkins, B. Kumar, D. J. Nicholl and J. D. Stanley

AGENDA

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

- 3. To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 14th July 2025 (Pages 5 - 16)**

4. **Annual Review from the Local Government Ombudsman** (Pages 17 - 32)
5. **Audit Update Report 2023/24** (Pages 33 - 42)
6. **Internal Audit Progress Report** (Pages 43 - 56)
7. **Financial Compliance Report** (Pages 57 - 68)
8. **Annual Governance Statement** (Pages 69 - 80)
9. **Risk Champion (Overview of role and consideration of appointment)**
(Pages 81 - 82)
10. **Audit, Standards and Governance Committee Work Programme** (Pages 83 - 84)

J. Leach
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

19th September 2025

If you have any queries on this Agenda please contact
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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

14TH JULY 2025, AT 6.00 P.M.

PRESENT: Councillors R. Bailes, D. J. A. Forsythe, E. M. S. Gray, D. Hopkins, B. Kumar, D. J. Nicholl, S. T. Nock, J. Robinson and J. D. Stanley

Observers: Councillor S.J. Baxter, Cabinet Member for Finance

Officers: Mr B. Watson, Ms. N Cummings, Ms D. Goodall and Mrs S. Woodfield

Other Parties: Mr M. Ahmad and Ms H. Clark

Before commencement of the meeting, it was announced to Members that with the agreement of the Leader of the Labour Party, Councillor E.M.S. Gray had been appointed as a member of the Audit Standards and Governance Committee, replacing Councillor H.D.N. Warren-Clarke.

1/25

ELECTION OF CHAIRMAN

Councillor D. Hopkins proposed that Councillor E.M.S. Gray be appointed Chairman of the Committee. This was seconded by Councillor B. Kumar.

Following a show of hands it was

RESOLVED that Councillor E.M.S. Gray be elected Chairman of the Audit, Standards and Governance Committee for the 2025-26 Municipal year.

2/25

ELECTION OF VICE-CHAIRMAN

Councillor D. Hopkins proposed that Councillor S.T. Nock be appointed Vice-Chairman of the Committee. This was seconded by Councillor B. Kumar.

Following a show of hands it was

RESOLVED that Councillor S.T. Nock be elected Vice-Chairman of the Audit, Standards and Governance Committee for the 2025-26 Municipal Year.

3/25

APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillors S. Ammar and S.R. Colella with Councillor J. Robinson in attendance as the substitute Member for Councillor S. Ammar.

Apologies for absence were also received on behalf of the co-opted Member Mr M. Worrall.

4/25

DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

Councillor J. Robinson declared disclosable interests in Minute Item no. 8/25 – Localism Act 2011 – Standards Regime – Dispensations – with Councillor S. Robinson having declared dispensations in the report. They remained present during the debate in respect of this item but agreed not to vote.

5/25

TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 20TH MARCH 2025

The above item was considered by the Committee. Members expressed the view that minute number 63/24 - Audit, Standards and Governance Committee Annual Report 2024/25 was not an accurate record regarding the wording; *Members raised questions with regard to appointing a 'lay' Member onto the Committee. This had been raised a several times recently as recruitment into the role had not been successful.* It was suggested that the need to appoint a 'lay' Member had been continually requested and felt considerably longer than was suggested within the wording of the minutes. Members also expressed the view that there had been no recruitment process for the role and that the suggestion should be removed from the minutes.

The Deputy Chief Executive and Chief Finance Officer added that Government were consulting on and proposing that all Local Government Audit Committees would be required to appoint a 'lay' Member at some point in the future.

RESOLVED that the minutes of the Audit, Standards and Governance Committee held on 20th March 2025, subject to any amendments be approved as a correct record.

6/25

STANDARDS REGIME - MONITORING OFFICER'S REPORT

The Committee considered the Monitoring Officer's report which provided updates on Member Complaints, Constitution Review and Member training as follows:

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- Members were informed that several complaints were reviewed since the last report and found not to be substantiated.
- The last Constitution Review Working Group took place on 4th July 2025 and those recommendations from that meeting would be reported to the Council meeting on 16th July 2025.
- The Member Development Steering Group scheduled meeting had been cancelled and re-scheduled for 30th July 2025.
- At the meeting of Cabinet held on 18th June 2025, Members considered and agreed a recommendation from Audit, Standards and Governance meeting held on 20th March 2025, that cyber security training on the Knowbe4 system, used by the Council, should be mandatory for Members.
- The number of anonymous complaints were suggested for review by Members. However, it was explained by the Principal Solicitor that the Council would not generally accept anonymous complaints and only in exceptional circumstances.
- Clarity on cyber security KnowBe4 training for Members being mandatory was requested, including the validity of the last minutes which stated that Officers could not mandate Members to attend the training. In response it was explained and confirmed by the Deputy Chief Executive and Chief Finance Officer that this had been agreed as mandatory, following Cabinet approval. The portfolio holder also added that discussions had been raised in a recent Cabinet meeting, suggesting that members could not be forced to attend the training but if refused, individuals access to the computer systems could be revoked.

It was agreed that Officers would follow up with group leaders regarding Members who had not completed cybersecurity training.

RESOLVED that subject to Members' comments, the Monitoring Officer's report be noted.

7/25

ANNUAL UPDATE REPORT ON REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

The Committee considered the annual update report on the Regulation of Investigatory Powers Act 2000 (RIPA) with the key points highlighted to Members:

- The Council had not used RIPA powers in recent years.
- The policy was praised by inspectors and only minor updates were needed.

During Member's consideration of the item, the following key points were discussed:

- An anomaly was highlighted on the RIPA policy document.
- External training had been provided to all relevant staff.

- The RIPA policy was only used if it was in relation to direct surveillance, for serious criminal offences which carried a custodial sentence of six months or more.
- Trading Standards, in conjunction with the Police, would usually carry out the necessary covert surveillance work, who were considered to have the relevant knowledge and experience.
- The RIPA Policy should be considered and used more widely in areas such as illegal tobacco sales.
- When comparing the Council's use of the RIPA policy with other Council's, in general the policy was not widely used.
- References to "Twitter" in the policy should reflect current platform names. It was agreed that the policy would be amended accordingly.

RESOLVED that

- 1) The Council's RIPA Policy at Appendix 1 as reviewed and updated be endorsed; and
- 2) The update on RIPA activity described in this report be noted.

8/25

LOCALISM ACT 2011 - STANDARDS REGIME - DISPENSATIONS

The Committee considered a report seeking its approval of individual member dispensations with the following points discussed:

- Dispensations fell into four categories which included: general, council tax arrears, Member and outside body appointment dispensations. However, the report related only to individual Member and outside body appointment dispensations.
- The Committee approved a range of dispensations for Members to participate in discussions where they might otherwise have a conflict of interest.
- Members were reminded to update their dispensations as roles changed.
- It was agreed that a reminder would be issued at the next Council meeting for Members to review their dispensations.

RESOLVED that

- 1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;
- 2) the Audit, Standards and Governance Committee grant a dispensation under Section 33 (2) of the Localism Act 2011 to allow

Members to address Council and Committees in circumstances where a member of the public may elect to speak;

- 3) subject to the caveat set out in paragraph 4.9 of this report in relation to setting the Council's Budget, the Audit, Standards and Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of:
 - the Budget;
 - Council Tax;
 - Members' Allowances; and
 - Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the District;
- 4) all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and
- 5) that the dispensations referred to at resolutions (1), (2) and (3) will remain valid until the first meeting of the Audit, Standards and Governance Committee in the 2027/28 municipal year unless amended by the Committee prior to that date be noted.

9/25

EXTERNAL AUDIT ON BOARDING DISCUSSION UPDATE

Members welcomed the newly appointed external auditors Hayley Clark, Auditor Partner and Mughees Ahmad, Audit Manager from Ernst and Young (EY) to the meeting.

The following key points were discussed regarding the external audit onboarding process:

- It was confirmed that onboarding was completed at the beginning of June.
- The 2023/24 audits would result in a disclaimer of opinion due to historical issues. As part of this, exception reporting around value for money was also taking place which was expected be reported back to the Board by early Autumn prior to the sign off of the accounts. The previous auditors Grant Thornton had issued statutory recommendations which required review also, providing additional work.
- 2024/25 audit would begin in November 2025, with a statutory deadline of 27 February 2026.

Following consideration of the update, the Board discussed the following:

- Members expressed concern regarding the capacity and ability to meet the February 2026 backstop date. However, assurances were given that working collaboratively with the Council and ensuring efficient internal processes, the deadline should be achieved.
- Members also raised concerns regarding whether there would be a clean audit of opinion for 2024/25 accounts. In response it was advised that this would probably be unrealistic. However, Officers did advise on a positive note that the 2024/25 accounts, meeting the public inspection date, was a positive step. A stability programme was also being implemented to assist with future accounts. The Deputy Chief Executive and Chief Finance Officer also explained that Government had declared that it was unlikely that Councils with disclaimer opinions would get clear full audit opinions. However, progress was being made to build assurances for future accounts.
- Members also sought reassurance of the Council's ability to achieve a clean audit of opinion for 2024/25 accounts before Local Government Reorganisation. It was explained by EY that when considering unitary authorities accounts, the level of materiality would increase with the requirement for a risk assessment necessary. The Ministry of Housing, Communities and Local Government (MHCLG) had been informed of this issue impacting many authorities across England and additional guidance would be made available.
- A future report outlining the audit strategy and build-back approach would be provided to the Committee.
- As requested, clarity was provided to Members that the 2022/23 accounts had been signed off by the previous auditors Grant Thornton and given a disclaimer of opinion.

RESOLVED that the external auditors' progress report be noted.

10/25

ANNUAL REPORT OF INTERNAL AUDIT FOR 2024/25

Members considered the annual report of internal audit for 2024/25.

The report provided the Annual Internal Audit Opinion for the financial year 2024/25, as required by the Accounts and Audit Regulations 2018 and the Public Sector Internal Audit Standards. It supported the Council's Annual Governance Statement by offering independent assurance on the adequacy and effectiveness of governance, risk management, and internal control processes.

The report provided a reasonable level of independent assurance that the Council's internal controls and risk management processes were effective and supported the achievement of its strategic objectives.

The following key points were discussed:

- Three audits received limited assurance: GPC credit card usage,

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accounts payable and procurement with follow-up audits planned to address the issues.

- Service performance had improved significantly with planned audits delivered 93% of the planned days, compared to 58% the year before.
- Team productivity had improved from 66% to 81%.
- Internal audits were on track to achieve the 85% productivity target for 2025/26.
- Continuous improvement activities were being carried out, including an auditor skill set review, individual training and development needs to include environmental sustainability training.
- Risk of fraud was evaluated on every individual audit delivered.
- External quality assessments were carried out during the financial year, with a general conformance with the standards.
- How the Council demonstrate organisational independence was also included within the report.
- Internal audits were mostly in compliance for the new global internal audit standards for the forthcoming year which had replaced the previous public sector internal audit standards. However, a three-year audit strategy was in development.

Following the review of the item, Members discussed the key points below:

- Members expressed the view that Senior Officers were taking the necessary accountability and actions for risk identified by the Council.
- Invoicing, single persons discount, 4Risk System, General Purchasing Cards (GPC) card usage, accounts payable, procurement and contract management were of particular risk concern.
- Officers agreed to continue tightening controls on GPC card usage, restricting access to GPC cards, monitoring spend and reducing the number of users.
- Officers did give assurances that although risks had been highlighted, it was a demonstration that internal audits were being carried out effectively and that the Council were actively working to improve their risk strategy.
- Internal audit would be reporting limited assurance areas to the Senior Leadership Team (SLT).
- The 4Risk System had been upgraded due to past protracted issues.
- Procurement and contract management training was being issued to Officers.
- Adequate and suitable extra resources were agreed to be reviewed by the Chief Executive to ensure stability for the Finance Department.

RESOLVED that the annual report of internal audit for 2024/25 be noted.

11/25

INTERNAL AUDIT PLAN 2025/26

The Committee considered the draft Internal Audit Plan for 2025/26.

The key points were discussed:

- The plan was risk based, designed to support the Council in achieving its objectives.
- The approach to audit planning had changed with each area selected by internal audit had been discussed and agreed with SLT, following a review, which included key areas such as procurement and contract management.
- The internal audit plan was based upon a resource allocation of 250 chargeable days, which had been agreed by the Deputy Chief Executive and Chief Finance Officer.
- There was a 15-day contingency for ad hoc advice.
- Any significant amendments during the year would be reported to the Audit, Standards and Governance Committee.

Following the presentation, areas of discussion included:

- Any future Local Government Reorganisation (LGR) considerations, as part of audit plans, would be reported to the Committee.
- Spend on agency staff across local government had increased significantly, particularly in areas such as finance, planning and ICT. It was explained that this was due to difficulties in filling vacancies or if a permanent post had been terminated.
- Members requested future reporting of benchmarking to include agency staff, consultancy spend, procurement and contract management, to compare with other councils which was agreed to be provided by relevant officers.

RESOLVED that the 2025/26 Internal Audit Plan, subject to any amendments be approved.

12/25

FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON STATEMENTS OF ACCOUNTS

The Deputy Chief Executive and Chief Finance Officer introduced the report which set out details of delivery against key financial requirements.

The key points were discussed as follows:

- Reporting on the national indicators had been moved into appendices.
- The Council were complying with national and local requirements. The local requirements generally were delivered through the

budget, which was approved on 19th February 2025, in particular with regard to the Treasury indicators.

- The Government had published a list of councils who had not complied with publishing their 2023/24 accounts in accordance with the backstop date of 28th February 2025 which included BDC. Members were advised that this was due to the Council not having external auditors at that time.
- The Council met the deadline for publishing the 2024/25 accounts.
- A financial stability plan was being developed to include the Tech One financial system, Financial Rules, Training Plan and Procurement Processes which would be reported at a future meeting.
- VAT returns were being submitted monthly; a large refund was still under negotiation. Some historical VAT issues remained under review, particularly around shared services with Redditch Borough Council.

RESOLVED that

- 1) the position in relation to the delivery of the 2024/25 Accounts and the auditing of the 2023/24 accounts,
- 2) the position in regard to other financial indicators set out in this report,
- 3) the current position with the Council's new External Auditor, Ernst and Young, and
- 4) the introduction of a Financial Stability Plan following the successful delivery of the Financial Improvement Plan be noted.

13/25

FINANCIAL SAVINGS MONITORING REPORT

The Committee received a report which set out the final position on the financial savings programme with the following key points considered:

- The Council ended the year with a £129k underspend, largely due to additional fleet and finance cost savings with the accounts completed and offset by investment interest, lower interest payments and additional grant income. This compared to an underspend figure of £53k reported at Quarter 3 – a £76k improvement of the Council's position.
- The largest savings was due to pension costs linked to the 23-triennial revaluation, which ran for three years.
- The position at year end 2023/24 in terms of departmental savings included two Amber items which required careful monitoring. The Red item in relation to Finance would not be delivered, with additional resources established to ensure the accounts were up to date.
- Some savings targets (e.g. planning income, parking, waste) remained at risk which could be largely impacted by LGR.

- Future savings monitoring reporting were to be reviewed and reported through the monitoring report, with considerations for this to be scrutinised under the Finance and Budget Working Group. It was agreed by the Committee that this proposition would to be discussed further with the Chairman of the Finance and Budget Working Group.
- Clarity on the overspend for Shared Services was requested by Members. It was explained that future reporting would be amended to show the overspend for individual services.

RECOMMENDED that the Outturn position on the 2024/25 Departmental Savings Programme, including any potential implications for future years be noted.

14/25

RISK MANAGEMENT REPORT / QUARTERLY RISK UPDATE

The Committee considered an update report about corporate and departmental risks presented by the Deputy Chief Executive and Chief Finance Officer.

The following discussions were carried out:

- A new, simplified risk report format was introduced.
- Members were encouraged to provide areas for improvement within the risk reporting. However, after consultation with the portfolio holder, corporate risks would include further narrative.
- 14 corporate risks were identified which included Planning decisions and potential special measures, Cybersecurity and Shared service delivery.

Following the presentation, Members discussed the following:

- Further detail on mitigation actions and timelines for the Service (departmental) Risks were requested.
- Members also requested clearer action plans and accountability for risk owners.

RESOLVED that the strategic risks detailed in the Corporate Risk Register and changes to risk scores and removal/addition of new risks be noted.

15/25

ANNUAL APPOINTMENT OF RISK CHAMPION

The Board considered the annual appointment of Risk Champion.

Councillor R. Bailes, the former Risk Champion for the 2024/25 municipal year, had decided to step down as Risk Champion. Following discussions concerning her involvement in the role, expressing disappointment at the lack of productivity when recommendations had been advised, it was agreed by the Deputy Chief Executive and Chief

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Finance Officer that a draft role description and proposal would be reported back to Members for the Risk Champion position.

It was agreed that the appointment would be deferred pending a review of the role's purpose and impact.

16/25

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Audit, Standards and Governance Committee Work Programme was considered by Members.

Members discussed the need for an additional meeting to be added to the work programme schedule to ensure productivity within the future scheduled meetings and considered moving from four to five meetings per municipal year which was noted by the relevant Officers for review.

It was also agreed that Officers would review the scheduled meeting for January to be moved to February 2026 to align with audit deadlines.

RESOLVED that the contents of the Committee's work programme, as reported, be noted.

The meeting closed at 8.48 p.m.

Chairman

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Annual Statistics from the Local Government & Social Care Ombudsman

Relevant Portfolio Holder	Councillor Karen May
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton Assistant Director for Legal, Democratic and Procurement Services
Report Author Nicola Cummings	Job Title: Principal Solicitor Contact email: Nicola.cummings@bromsgroveandredditch.gov.uk Contact Tel: 01527 881613
	All
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	Sustainability
Key Decision / Non-Key Decision	n/a
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

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

2. BACKGROUND

- 2.1 The purpose of this report is to inform the committee of the annual summary of complaint statistics issued by the Local Government and Social Care Ombudsman for the period ending 31st March 2025
- 2.2 The usual way this information is delivered to Councils is in an annual letter issued by the Local Government and Social Care Ombudsman ("LGSCO") in September each year. However, this year the LGSCO has decided to change the system. Instead of issuing an annual review letter in September setting out the statistics, a two-stage approach will now be used:-
 - (i) In May each year the LGSCO will finalise the annual statistics for the year ended 31st March and will forward this information to Councils and publish it on the LGSCO

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- website. This will apply to all councils in England and Wales.
- (ii) In July each year certain councils (but not all) will receive an annual letter. The LGSCO has stated that “this will apply where there is exceptional practice or where we have concerns about an organisation’s complaint handling”.

3. OPERATIONAL ISSUES

- 3.1 Officers can confirm that Bromsgrove District Council did not receive an annual letter as outlined in paragraph 2.2 (ii). Accordingly, this report sets out for Members a breakdown of the annual statistics.
- 3.2 For the period ending on 31 March 2025, the statistics for BDC as collated and published by the LGSCO were recorded as follows:-

Number of Complaints Received – 3

Planning and Development	2
Housing	1

Number of Complaints Decided - 6

Planning and Development	4
Housing	2

- 3.3 Of these 6 decided cases, there was only one case where the LGSCO upheld the complaint and found the Council to be at fault. This was in the category of housing and related to home adaptations under a Disabled Facilities Grant in relation to which both the District Council and Worcestershire County Council were found to be at fault. Specifically, there was a finding of service failure [termed ‘fault’] which adversely affected the complainant [termed ‘injustice’]. The Ombudsman’s Recommendations to remedy this are detailed below:-

- That the District Council apologise to the customer and make a payment of £2000 in financial redress to reflect the distress and frustration caused by its delays and poor communication.
- That the District Council and the County Council, on a 50:50 basis refund to the customer the cost of her private occupational therapy and architect reports on production of receipts/invoices

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(Cost £1183.50) the customer be refunded for additional expenses incurred due to the delay in the adaptations being completed.

- The District Council and County Council each pay compensation to the family member for whom the adaptations were made of £500 (a total of £1,000)
- That officers carry out a review of the relevant policy and procedures to ensure that a similar situation would not be repeated in the future.
- That the District Council and County Council ensure that there is agreement as to who should be the specific point of contact for the applicant for major schemes where the adaptations are substantial.

3.4 Members may recall the details of this particular complaint, which was the subject of a report to Members and was considered at Cabinet on 22nd January 2025. Officers can confirm that the recommendations of the Ombudsman have been complied with.

3.5 In relation to the other decided complaints, the Ombudsman directed that 3 complaints be referred back to the council as being “premature”. This means that the council had not had the opportunity to conduct its own investigation, which is a requirement before the Ombudsman will consider a complaint. The 2 remaining complaints were closed after initial enquiries on the basis that the alleged fault or injustice was not sufficient to merit further investigation.

3.6 Guidance issued by the LGSCO provides that where findings of maladministration/fault with regard to routine mistakes and service failures occur and the authority has agreed to remedy the complaints by implementing the recommendations made following the investigation, the duty to report to members is satisfactorily discharged if the Monitoring Officer makes a periodic report to members summarising the findings on upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report.

3.7 Only where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of fault or injustice, or the number of people affected, the LGSCO would expect the Monitoring Officer to consider whether the implications of that investigation should be individually

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reported to members.

- 3.8 Other relevant factors which impact on the levels of complaints are provision of a high standard of customer service and good complaint handling. Members will be aware that an updated compliant handling system was introduced in September 2024. The LGSCO guidance on complaint handling was taken into consideration by officers when the new system was designed.

4. FINANCIAL IMPLICATIONS

- 4.1 There are financial implications as a result of the recommendations referred to in 3.3 of this report.

5. LEGAL IMPLICATIONS

- 5.1 The Local Government Ombudsman powers are contained in the Local Government Act 1974 as amended by the Local Government and Public Involvement in Health Act 2007.
- 5.2 The main activity of the LGO is the investigation of complaints, which are limited to complaints from members of the public.

6. OTHER - IMPLICATIONS

Local Government Reorganisation

- 6.1 Not applicable

Relevant Council Priority

- 6.2 An Effective and Sustainable Council.

Climate Change Implications

- 6.3 Not applicable

Equalities and Diversity Implications

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

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7. RISK MANAGEMENT

- 7.1 The main risks associated with the details included in this report are those linked to poor standards of complaint handling. The effects of not handling complaints efficiently can include poor customer service, increased customer dissatisfaction, increased numbers of complaints and damage to the Council's reputation.
- 7.2 These risks are being managed through the Council's Customer services strategy which aims to promote good customer service throughout the Council and includes a defined procedure for responding to complaints before they reach the stage of being referred to the Ombudsman.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 Annual summary of complaint statistics 2024 to 2025

Link to view annual statistics on the LGO website:

[Bromsgrove District Council - Local Government and Social Care Ombudsman](#)

Cabinet report 22nd January 2025 – Disabled Facility Grant Ombudsman's Report

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Karen May	17.9.25
Lead Director / Head of Service	Claire Felton – Assistant Director for Legal, Democratic and Procurement Services	15.9.25
Financial Services	Deb Goodall - Assistant Director - Finance and Customer Services	16.9.25

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Legal Services	Nicola Cummings – Principal Solicitor	
Policy Team (if equalities implications apply)	n/a	
Climate Change Officer (if climate change implications apply)	n/a	

21 May 2025

By email

Mr Leach
Chief Executive
Bromsgrove District Council

Dear Mr Leach

Annual Review letter 2024-25

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2025. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. We have listened to your feedback, and I am pleased to be able to share your annual statistics earlier in the year to better fit with local reporting cycles. I hope this proves helpful to you.

[Your annual statistics are available here.](#)

In addition, you can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

In a change to our approach, we will write to organisations in July where there is exceptional practice or where we have concerns about an organisation's complaint handling. Not all organisations will get a letter. If you do receive a letter it will be sent in advance of its publication on our website on 16 July 2025, alongside our annual Review of Local Government Complaints.

Supporting complaint and service improvement

In February we published [good practice guides](#) to support councils to adopt our [Complaint Handling Code](#). The guides were developed in consultation with councils that have been piloting the Code and are based on the real-life, front-line experience of people handling complaints day-to-day, including their experience of reporting to senior leaders and elected members. The guides were issued alongside free [training resources](#) organisations can use to make sure front-line staff understand what to do when someone raises a complaint. We will be applying the Code in our casework from April 2026 and we know a large number of councils have already adopted it into their local policies with positive results.

This year we relaunched our popular [complaint handling training](#) programme. The training is now more interactive than ever, providing delegates with an opportunity to consider a complaint from receipt to resolution. Early feedback has been extremely positive with delegates reporting an increase in confidence in handling complaints after completing the training. To find out more contact training@lgo.org.uk.

Yours sincerely,



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

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Reference	Authority	Category	Subcategory	Received
24000152	Bromsgrove District Council	Planning & Development	Enforcement-householder	22/04/2024
24004115	Bromsgrove District Council	Planning & Development	Other planning application	20/06/2024
24016562	Bromsgrove District Council	Housing	Homelessness	19/12/2024

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Reference	Authority	Category	Subcategory	Decided	Decision	Decision Reason	Remedy
23004976	Bromsgrove District Council	Housing	DFG	10/10/2024	Upheld	fault & inj S30(1)	Apology,Financial Redress: Quantifiable Loss,Financial redress: Avoidable distress/time and trouble,Procedure or policy change/review
23017007	Bromsgrove District Council	Planning & Development	Other planning application	09/04/2024	Closed after initial enquiries	Not warranted by alleged fault	
23019212	Bromsgrove District Council	Planning & Development	Building control	10/04/2024	Closed after initial enquiries	Not warranted by alleged injustice	
24000152	Bromsgrove District Council	Planning & Development	Enforcement-householder	22/04/2024	Referred back for local resolution	Premature Decision - advice given	
24004115	Bromsgrove District Council	Planning & Development	Other planning application	20/06/2024	Referred back for local resolution	Premature Decision - advice given	
24016562	Bromsgrove District Council	Housing	Homelessness	19/12/2024	Referred back for local resolution	Premature Decision - advice given	

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Reference	Authority	Category	Subcategory	Decided	Remedy	Remedy Target Date	Remedy Achieved Date	Satisfaction with Compliance
23004976	Bromsgrove District Council	Housing	DFG	09/10/2024	Apology Financial Redress: Quantifiable Loss Financial redress: Avoidable distress/time and trouble Procedure or policy change/review	10/01/2025	07/01/2025	Remedy complete and satisfied

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Explanatory notes

A new column has been added to the received, decided and compliance outcome sheets, detailing the primary subcategory recorded on the case (the main subject of the complaint).

Cases received

Cases with a recorded received date between 1 April 2024 and 31 March 2025. Status as of 3 April 2025.

Cases decided

Cases with a recorded decision date between 1 April 2024 and 31 March 2025. Status as of 3 April 2025.

Please note that some cases may have been reopened since that date, with either a decision outcome pending or a new decision outcome recorded.

Service improvement recommendations are no longer included in this workbook. Councils can view them on the online map here: <https://www.lgo.org.uk/your-councils-performance>

We report our decisions by the following outcomes:

Invalid or incomplete: We were not given enough information to consider the issue.

Advice given: We provided early advice or explained where to go for the right help.

Referred back for local resolution: We found the complaint was brought to us too early because the organisation involved was not given the chance to consider it first.

Closed after initial enquiries: We assessed the complaint but decided against completing an investigation. This might be because the law says we're not allowed to investigate it, or because it would not be an effective use of public funds if we did.

Upheld: We completed an investigation and found evidence of fault, or the organisation provided a suitable remedy early on.

Not upheld: We completed an investigation but did not find evidence of fault.

The following decision reasons are **satisfactory remedy decisions**, i.e. upheld cases where we were satisfied the authority had already provided a suitable remedy to resolve the complaint:

Upheld - Injustice remedied during organisations complaint processes

Upheld - fault & inj - no further action organisation already remedied

Compliance outcomes

Cases with a recorded remedy achieved date between 1 April 2024 and 31 March 2025. Status as of 23 April 2025. The relevant date is the date of compliance with the recommendations (for example, the date on an apology letter) rather than the date the evidence is provided to us. If we were notified after 23 April 2025 of a remedy achieved before 31 March 2025, this will not be included here.

Some cases may be marked as 'Remedy completed late' even when the remedy achieved date is before the remedy target date. This happens because the target date covers all remedies (service improvements and personal remedies). As service improvements often have a longer timescale for completion, we will mark a case as 'completed late' where this longer timescale is met, but the personal remedy was provided late.

These decision outcomes are included in the number of cases reported as **not for us / not ready for us** in the complaints overview section on the online map.

This decision outcome is included in the number of cases reported as **assessed and closed** in the complaints overview section on the online map.

These decision outcomes are included in the number of cases reported as **investigated** in the complaints overview section on the online map.

These decision reasons are included in the number of cases reported as **satisfactory remedies provided by the council** on the online map.

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Bromsgrove District Council

Audit status report

Year ended 31 March 2024

18 September 2025



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Agenda Item 5



Audit, Standards and Governance Committee
Bromsgrove District Council
Parkside
Market Street, Bromsgrove
Worcestershire
B61 8DA

18 September 2025

Dear Audit, Standards and Governance Committee Members,

2023/24 Audit Update report

We are pleased to attach our audit update report, summarising the status of our audit for the forthcoming meeting of the Audit, Standards and Governance Committee. We will update the Audit, Standards and Governance Committee at its meeting scheduled for 29 September 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our update on the 2023/24 audit of Bromsgrove District Council (the 'Council').

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit, Standards and Governance Committee, as the (Council's) body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Audit, Standards and Governance committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Audit Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

This report is intended solely for the information and use of the Audit, Standards and Governance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 29 September 2025.

Yours faithfully

Hayley Clark

Partner

For and on behalf of Ernst & Young LLP

Enc



01 Audit status

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit, Standards and Governance Committee and management of Bromsgrove District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit, Standards and Governance Committee and management of Bromsgrove District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit, Standards and Governance Committee and management of Bromsgrove District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Audit status

Context for the audit - Measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of the democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- lack of capacity within the local authority financial accounting profession;
- increased complexity of reporting requirements within the sector;
- a lack of auditors and audit firms with public sector experience; and
- increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG has worked collaboratively with the FRC and other system partners, to develop and implement measures to clear the backlog. The approach to addressing the backlog consists of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This has now been delivered.
- Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements was 28 February 2025. The backstop date for audit of the 2024/25 financial statements is 27 February 2026. This process of rebuilding assurance will take several years to achieve. The NAO, supported by the MHCLG and the FRC, are responsible for issuing guidance and have been liaising with audit firms to understand the complexities involved and to seek to ensure a more consistent approach for restoring assurance for disclaimed periods. The NAO has now published its Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 setting out considerations for rebuilding assurance following the issue of disclaimed audit opinions under the backstop arrangements. The guidance predominantly focuses on the rebuilding of assurance over reserves, where it is more difficult to obtain assurance because of the way in which they accumulate over successive years. It also continues to recognise that the approach needed to rebuild assurance will differ authority to authority and will need to be considered in the context of both inherent risk factors which all authorities subject to recently disclaimed opinions will share, and factors specific to each individual authority's system of internal control and financial reporting. We will continue to consider the impact of this on our audit approach.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

The Council was not able to meet the deadline for phase 1 of the recovery plan due to delays in the preparation of the financial statements for 2020/21, 2021/22 and 2022/23. Grant Thornton, the auditor for those financial years issued their audit opinions in January 2025 following the preparation of the financial statements and completion of the inspection period for those respective years. All three were disclaimed in accordance with the statutory legislation enacted to implement the 13 December 2024 backstop date to reset and recover local government audit.

The draft statement of accounts for 2023/24 were not published until mid January 2025 with the inspection period ending on 27 February 2025. Due to our appointment as auditor to the Council by PSAA not being until 2024/25, following completion of acceptance and onboarding procedures the audit for 2023/24 did not commence until June 2025.

We have taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

As the backstop date has passed we are required to undertake our responsibilities in relation to value for money and also undertake procedures to enable us to issue a disclaimed audit opinion on the financial statements.

Audit status (continued)

Status of the 2023/24 audit

Auditing standards require auditors to perform certain procedures irrespective of the form of opinion. We commenced these procedures in June 2025 and requested information from management for this purpose. However, resources were focused towards meeting the 30 June deadline for publishing the 2024/25 draft statement of accounts. We rescheduled our available resources to July and August; however, further challenges were met, including annual leave and delays in the provision of requested information. In addition, whilst performing our audit procedures we have identified matters requiring further investigation relevant but not limited to VAT, capital budgeting, compliance with laws and regulations and Value for Money which has led to further information requests from management.

We have collaborated with management to support the audit process through weekly catch-ups, further reallocation of our experienced resources, incorporating further flexibility in the audit team's working hours, on-site visits, and redefining our information requests to focus solely on compulsory required procedures. Whilst we have sought to reschedule resources across the summer, further delays and uncertainty in the receipt of information has meant that we have exhausted the available resource and have had to pause the audit until we have a clear delivery timeline from management and have available resources to recommence.

We understand that the Council has not been subject to audit for a number of years and has had a number of capacity challenges and changes in personnel. However, it is important that the Council evaluates its preparedness for audit to ensure resources can be deployed efficiently and effectively to support us in conducting and completing the audit within the required timescales.

It is now highly unlikely that we will have available resource to recommence the audit of the 2023/24 financial statements until the 2024/25 planned audit period. As such, there will be an impact on the delivery of the 2024/25 audit.

We will continue to work with management on the timeline and implications for each audit. We understand that management is in process of strengthening their team through a number of appointments. This includes a Chief Accountant (who is expected to start week commencing 22 September 2025) to provide further support with the audit process, increasing the capacity of the team.

We have recently received some of the outstanding queries from management, which will be reviewed when the audit recommences. Below are the key information requests that remain outstanding:

Area	Summary of work Performed and pending information
Business and Environment	Queries regarding the Leisure Centre Pool and the arrangements between Bromsgrove District Council, Spadesbourne Homes and Bromsgrove District Housing Trust.
Public correspondence	Following the receipt of information from a member of the we are assessing any audit or value for money considerations and awaiting further information as requested from management to complete our work in this area.
Related Parties	We are pending information from management to complete our work for this area.
Litigations	Queries pending relating to specific matters/claims.
Analytical review	Awaiting information from management for analytical review of movements from prior year in the financial statements.

Audit status (continued)

Provisional audit risks

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Details
Management Override: Misstatement due to fraud or error	Fraud risk	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition	Fraud risk	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We consider the risk to be relevant to those significant revenue streams other than taxation receipts and grant income, where management has more opportunity to manipulate the period in which the income is reported. Specifically, our risk is focused on the occurrence of income, where management may have overstated income in the current financial year. This is likely to occur around the end of the financial year (i.e. bringing forward income from the subsequent year) and would also lead to an overstatement of Debtors therefore we associate this risk to that balance too.</p> <p>In the public sector, the requirement of ISA 240 is also modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We assess that this risk manifests itself in the understatement of expenditure (completeness of expenditure and associated accruals balances) in order to manage the Council's financial position. We consider this risk does not apply to payroll. This could also extend to non-recognition of required provisions.</p>
Valuation for Pension assets / liabilities and disclosures	Inherent risk	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make disclosures within its financial statements regarding its membership of the Local Government Pension Scheme.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates for scheme assets.</p>
Valuation of property, plant and equipment	Inherent risk	<p>PPE represent significant balances in the Council's financial statements and are subject to valuation on a periodic basis. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year end balances recorded in the balance sheet. We will specifically focus on assets where a higher degree of estimation uncertainty exists:</p> <ul style="list-style-type: none"> ➤ Depreciated Replacement Cost (specialised operational assets for which an active market does not exist); ➤ Fair Value (surplus assets valued at the price that would be received to sell an asset); and ➤ Existing Use Value (operational assets for which there is an active market to provide comparable evidence). <p>The Council engages external property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements.</p>

Audit status (continued)

The Authority's responsibility for Value for Money (VfM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

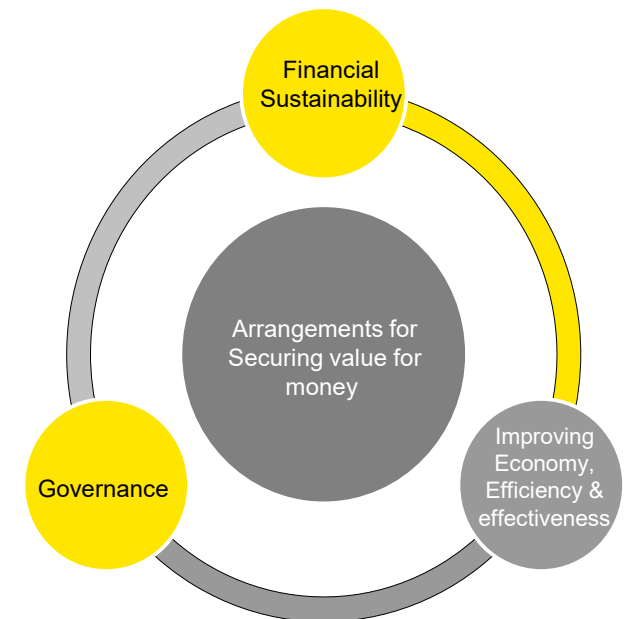
Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council arrangements against three reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our risk assessment and detailed VfM work remains in progress. As such, we will report our final risk assessment and findings to a further meeting of the committee.

As discussed with the Committee in July 2025, given we are assessing the arrangements in place for the financial year 31 March 2024 and the delay in publication of the financial statements, it is highly likely that previous significant weaknesses and statutory recommendations raised by Grant Thornton will be continued to be reported.



Audit status (continued)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?	What arrangements does this impact?
Section 24 Recommendation - The predecessor auditor issued a S24 recommendation in relation to its financial systems and governance arrangements. Due to flawed ERP implementation, the entity was not able to produce statement of accounts on a timely basis for 2020/21, 2021/22 and 2022/23. Though progress was made subsequently to produce the outstanding set of accounts, the predecessor auditor highlighted that they experienced significant difficulties in obtaining sufficient appropriate evidence to support the work on data transfer to enable them to commence their audit work. This impacted the general ledger data being used for multiple reports including but not limited to Council's medium term financial strategy. The recommendation remained outstanding for 2022/23 period and the Council was also not able to meet the backstop date for 2023/24 period. We have created a risk of significant weakness for 2023/24 in this respect.	Financial sustainability and Governance
A significant weakness was reported by the predecessor auditor on the Council's organizational capacity concerning high staff turnover and a high number of the Council's positions being filled through interim / temporary arrangements leading to a loss of corporate knowledge and history, impacting the finance team and audit processes.	Governance
The partner in charge of the audit received correspondence from a member of the public concerning governance arrangements at the Council. We are considering the information and identifying if there are any risks of significant weakness, or actual significant weaknesses in the Council's arrangements.	Governance
The challenges with the finance system implementation has meant that the Council was unable to submit VAT returns since 1 st April 2021 highlighting potential non-compliance with relevant taxation laws.	Governance
During our risk assessment procedures, we noted that Council has been reporting capital budget underspends which have historically been more than 60% underspent. We are considering the Council's arrangements on capital budget setting procedures and policies and actions taken by the council to reflect on the underspend.	Governance

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FD None

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INTERNAL AUDIT PROGRESS REPORT 2025/26

Relevant Portfolio Holder	Councillor S. J. Baxter
Portfolio Holder Consulted	Yes
Relevant Head of Service	Bob Watson, S151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATION

- 1.1 **The Audit, Standards and Governance Committee notes the report.**

2. BACKGROUND

- 2.1 The purpose of this report is to provide an update of Internal Audit's progress towards meeting its objectives in the audit plan for 2025/26 as approved by the Audit Standards and Governance Committee on 14th July 2025.
- 2.2 The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:
- The Council's assets and interests are safeguarded;
 - Reliable records are maintained;
 - Council policies, procedures and directives are adhered to; and
 - Services are delivered in an efficient, effective and economic manner

- 2.3 The Internal Audit plan for 2025/26 was approved by the Audit, Standards and Governance Committee on 14th July 2025. Progress against delivery of that plan is set out at Appendix 1. The plan is slightly behind schedule owing to its approval being later than usual this year. However, there are sufficient resources in place to deliver the rest of the plan in time for the annual Internal Audit opinion.
- 2.4 The Global Internal Audit Standards require that any significant changes to the internal audit plan must be approved by the Audit Committee. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation. There are no proposed amendments to the internal audit plan at this time.

3. Financial Implications

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

4. Legal Implications

- 4.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2024 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

To aid compliance with the regulation, the Global Internal Audit Standards details that “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

Climate Change Implications

- 5.2 There are no climate change implications arising from this report.

6. **OTHER IMPLICATIONS**

Equalities and Diversity Implications

6.1 There are no implications arising out of this report.

Operational Implications

6.2 There are no new operational implications arising from this report.

7. **RISK MANAGEMENT**

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

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

8. **APPENDICES and BACKGROUND PAPERS**

Appendix 1 ~ Internal Audit Progress Report

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Bromsgrove
District Council

www.bromsgrove.gov.uk



INTERNAL AUDIT PROGRESS REPORT APPENDIX 1

Date: September 2025



1. Background

- 1.1 The Council is responsible for maintaining or procuring an adequate and effective internal audit function under the Accounts and Audit (England) Regulations 2024.
- 1.2 The Global Internal Audit Standards (the Standards) require the Audit, Governance and Standards Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the team.

2. Performance

2.1 *Will the Internal Audit Plan be delivered?*

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

- 1 assignment is fully completed.
- 2 assignments are at the draft report stage.
- 7 assignments are in progress.
- 3 assignments are at the planning stage.
- 6 assignments have not yet been started.

- 2.2 The service is fully resourced, and whilst progress on delivery of the 2025/26 internal audit plan is 9% behind schedule, which reflects that the annual plan was approved later this year, in July. The annual plan was developed later to allow for the development of an internal audit universe and for a comprehensive review of risk and coverage to be undertaken with the new Deputy Chief Executive. Adequate resources are in place to deliver the remainder of the Plan and the Annual Internal Audit Opinion for 2025/26. All work has been allocated, and delivery will accelerate in the coming months. Progress on individual assignments, including commentary on the results of those which are complete, is set out at pages 7 to 8.



2.3 ***Performance Indicators***

The service is implementing a suite of indicators which aim to demonstrate and enhance performance. Each individual member of staff has an agreed target to deliver 90% of their own work plan by the end of March each year. In addition, the following performance indicators have been established, and the results will be included in the annual report for 2025/26:

Description	Narrative	Target
Delivery	% of audit days delivered by Year End	90%
Productivity	% of available time spent on productive audit work	80% Actual YTD: 87%
Effectiveness	% of agreed recommendations implemented by the target date	75%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%

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

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control, Governance and Risk Management framework for 2025/26.

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

At the time of writing there are 22 outstanding internal audit recommendations, of which 1 High and 3 Medium risk recommendations are overdue. The overdue recommendations relate to the following areas:

- Provision of assurance that cyber security awareness training has been completed by all Members.
- Confirmation that Council third party contracts include robust requirements to ensure adequate data security, transfer, storage and backup arrangements are in place.
- Production, circulation and discussion of aged debt reports with service managers.

Internal Audit will follow up on these outstanding actions again in late 2025.



3. Internal audit opinions and prioritisation of recommendations

- 3.1 The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

Table 1 – Assurance Categories

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

The prioritisation of recommendations made by Internal Audit is based upon an assessment of the level of risk exposure. The Auditor's Opinion considers the likelihood of corporate/ service objectives not being achieved, and the impact of any failure to achieve objectives. In order that recommendations can be prioritised according to the potential severity of the risk, a traffic light system is used as follows:



Table 2 - Definition of Priority of Recommendations

Risk Level	Definition	Matrix																		
H (7-9)	Immediate control improvement required.	<div><p>RISK ASSESSMENT MATRIX</p><table><tr><td rowspan="3">LIKELIHOOD OF OCCURENCE</td><td>HIGH</td><td>4</td><td>7</td><td>9</td></tr><tr><td>MEDIUM</td><td>2</td><td>5</td><td>8</td></tr><tr><td>LOW</td><td>1</td><td>3</td><td>6</td></tr><tr><td></td><td></td><td>NOTICEABLE</td><td>SIGNIFICANT</td><td>CRITICAL</td></tr></table><p>IMPACT</p></div>	LIKELIHOOD OF OCCURENCE	HIGH	4	7	9	MEDIUM	2	5	8	LOW	1	3	6			NOTICEABLE	SIGNIFICANT	CRITICAL
	LIKELIHOOD OF OCCURENCE			HIGH	4	7	9													
MEDIUM				2	5	8														
LOW			1	3	6															
			NOTICEABLE	SIGNIFICANT	CRITICAL															
	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.																			
M (4-6)	To be monitored closely and cost-effective controls sought.																			
	Other control weaknesses where there are some controls in place but there are issues with parts of the control that need to be addressed by Management within the area of review.																			
L (1-3)	To be reviewed regularly and seek low-cost control improvements.																			
	Issues of best practise where some improvement can be made.																			



4. Internal Audit delivery

- 4.1 As at 31st August 2025 82 productive days had been delivered against the full year plan of 250 days. Despite progress being currently 9% behind schedule, adequate resources are in place and it is anticipated that the objective of hitting 90% of the full year plan by 31st March 2026 will be achieved.

Table 3 - Summary of Days Delivered for 2024/25

Summary of Audit Areas	Plan Budget	Days Delivered as at 31/08/2025
Core Financial Systems	83	29
Corporate Work	79	19
Other systems audits	62	21
Sub total	224	69
Support Budgets including reading, audit management meetings, corporate meetings, annual plans, reports and Audit Committee Support.	26	13
Sub total	26	13
Total Audit Days	250	82

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



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

<u>Audit Area</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
General Ledger	Draft Report issued	October 2025	TBC	
Payroll	Work in Progress	November 2025	TBC	
Treasury Management	Not Yet Started	March 2026		
Contract Management	Work in Progress	January 2026	TBC	
Procurement	Planning	March 2026	TBC	
Use of Grant Monies	Work in Progress	March 2026	Not Applicable	Certification work is completed as and when required.
Creditors/ Accounts Payable	Not Yet Started	February 2026		
Insurance	Planning	December 2025	TBC	
Corporate Health & Safety	Work in Progress	November 2025	TBC	
Anti-Fraud, Bribery & Corruption	Not Yet Started	January 2026		
Agency Staff & Consultancy Expenditure	Planning	December 2025	TBC	



<u>Audit Area</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Data Protection/ GDPR	Not Yet Started	February 2026		
Local Government Transparency Code	Draft Report issued	October 2025	TBC	
Environmental Impact Assessments	Work in Progress	November 2025	TBC	
Trade Waste	Not Yet Started	March 2026		
Safeguarding	Not Yet Started	February 2026		
Assurance Statements of Internal Control	Completed	Not applicable	Not applicable	This work supports the Council in preparing its Annual Governance Statement.
Food Waste consultancy review	Work in Progress	November 2025	Not applicable – consultancy work	
Follow up of Recommendations	Work in Progress	March 2026	TBC	At the time of writing there are 22 outstanding internal audit recommendations, of which 1 High and 3 Medium risk recommendations are overdue.



5. **Limitations inherent in the work of internal audit**

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees, management override of controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

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Accounting Policies Report

Relevant Portfolio Holder	Councillor Sue Baxter Finance Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Assistant Director Finance & Customer Services Contact email: Debra.Goodall@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

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

- 1) The Committee note the position in relation to the delivery of the 2024/25 Accounts and the auditing of the 2023/24 accounts.
- 2) The Committee note that the 2024/25 Accounts public consultation period finished on 11 August 2025.
- 3) The Committee note the position in regard to other financial indicators set out in this report.
- 4) The current position with the Council's new External Auditor, Ernst and Young, be noted.
- 5) Note the position on the Financial Stability Plan following the successful delivery of the Financial Improvement Plan.

To **RECOMMEND** to Cabinet

- 6) Any areas of concern within this key compliance report for consideration.

2. BACKGROUND

- 2.1 From a Governance point of view, the financial framework under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when. The Accounting Policies report which was tabled at the Audit, Standards and Governance Committee on the 1st June set out the Financial Governance Framework, and associated references to key documentation, that the Council, it's Member and Officers work to. These are (in summary):

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- **The Budget and Policy Framework Procedure Rules.** These set out: The framework for Cabinet Decisions, Decisions outside the budget or policy framework, Urgent Decisions outside of the Budget or Policy Framework, Virement rules, In-year changes to policy framework and, Call-in of decisions outside the budget or policy framework. These rules set out how decisions can be made, by whom and how they can be challenged.
- **Financial Procedure Rules** which are set out in Part 15 of the Constitution. These “operational policies” run to 36 pages and set out how the organisation financially runs its “day to day” business. A full review of these is being undertaken as part of the Financial Stability Plan, discussed in further detail in a separate section of this report.
- **Finance Protocols** which set out requirements and expectations of the Finance Team and Services in terms of financial administration and demarcation of duties.

- 2.2 One of the legislative reporting requirements the Council had not achieved is the delivery of the 2020/21, 2021/22 and 2022/23 Statement of Accounts which resulted in the issuing of a Section 24 Statement for the Council. Redditch Borough Council (RBC) were also issued with a Section 24 Statement for the same non delivery of these accounts which is understandable given that officers support both Councils via a shared service.
- 2.4 Following the issuing of the original Section 24 Statements, and a review of why this happened which was undertaken by a Tack Group of this Committee, the decision was taken to increase the frequency of Audit Committee meetings to six times a year until the Council rectified the situation. This was revised back to 4 meetings a year at the Audit, Standards and Governance Committee in January 2025.
- 2.5 The 2025/6 budget was approved at Council on the 19th February 2025.

Legislative Requirements

- 2.6 Attached as Appendix A are the key legislative deliverables, which were circulated by the Government for the 2025/26 financial year. The Council has delivered against all of the deadlines to date.
- 2.7 Attached as Appendix A are the key legislative deliverables, which were circulated by the Government for the 2025/26 financial year. The Council has delivered against all of the deadlines to date with the exception of the Whole of Government Accounts Cycle 1 which was due on 29th August. The Council will aim to complete the return in line with the Cycle 2 submission which is due on 3rd October.
- 2.8 Although the VAT returns are up to date, work continues to provide assurance to HRMC regarding the VAT return submitted in December 2024 covering the three years previous to this. In order to provide additional assurance, the Council has employed an experienced VAT accountant to work alongside our VAT consultants, PS Tax. The Council has also arranged mandatory VAT training for all Finance staff. Training will then be rolled out across the organisation.

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- 2.9 Appendix B reflects a wider set of deliverables (outside the 2025/26 MHCLG Listing). These have now been fully delivered.

Financial Stability Plan

- 2.10 Following the successful completion of the Financial Improvement Plan and the delivery of the Accounts for 2020/21 – 2024/25, the Council will now look to develop of Financial Stability Plan. This will cover a number of areas including; the Tech One system; financial rules; training plans; procurement processes. Work is ongoing to put a structure in place to deliver this and a verbal update will be provided by the S151 officer at this meeting.

Update on the Statement of Accounts

- 2.11 Following the General Election in July 2024, the previous Minister of State for Housing, Communities and Local Government Jim McMahon OBE MP wrote to Councils noting the significant and unacceptable backlog of unaudited accounts. This situation undermines trust and transparency in the way taxpayers' money is being spent and auditors cannot focus on up-to-date accounts, where assurance is most valuable.
- 2.12 To tackle the backlog, The Minister laid secondary legislation, and this legislation was approved on the 9th September to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates: 2015/16 through to 2019/20 had to be signed off by the 30th December 2023.

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

- 2.13 The Council, as set out at the meeting on the 5th December has received “Disclaimer Opinions” for the 2020/21, 2021/22, and 2022/23. The 2023/24 Accounts are currently being audited by Ernst and Young. An update is given in a later section of this report.
- 2.14 The council’s position on these key Closure deliverables are as follows:
- Closure 2020/21- Reported as per the 5th December Audit Committee and Disclaimer Opinion received and approved.
 - Closure 2021/22 - Reported as per the 10th December Audit Committee and Disclaimer Opinion received and approved.
 - Closure 2022/23 - Reported as per the 5th December Audit Committee and “Disclaimer Opinion” received and approved.
 - Closure 2023/24 - Draft Accounts have been available for public consultation since the 14th January. Ernst & Young, the External Auditors, are currently carrying out

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their audit. However, they are expecting to issue a 'disclaimer opinion' for these accounts

- Closure 2024/25– completed by 30th June deadline as required for public inspection period.

- 2.15 As per the requirement of the Draft External Auditors Report 2021/22 and 2022/23 on the 27th November 2023, the External Auditors made a further written recommendation of the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to its financial systems and governance arrangements. They recommended that the authority should produce “true and fair” draft accounts for 2020/21, 2021/22 and 2022/23 signed off by the S151 Officer and supported by high quality working papers. This has now been complied with although given the instigation by the Government of the backstop date and the requirement of “disclaimer opinion” audits across the Country it is not clear how the new Auditors will frame their 2023/4 External Audit Report in respect of this matter.
- 2.16 As has been reported previously the combined 2021/21 & 2022/23 Draft External Audit Report set out that:
- The S24 Recommendation still in place and extended for 2021/22 and 2022/23 Accounts.
 - All of the 6 2020/21 Key Recommendations either delivered or now linked to Improvement Recommendations.
 - 9 of 13 2020/21 Improvement Recommendations either fully or partially delivered.
 - There was one new Key Recommendation – linked to Workforce Strategy.
 - There were ten updated Improvement Recommendations. The Council has met nine of these.
- 2.17 In terms of those Draft External Audit Reports the following progress has been made against recommendations (Key and Improvement):
- The Accounting Policies Report goes to every Audit Committee.
 - The key closure deliverables for each financial year are clearly set out. The owners of these deliverables are the S151 and Deputy S151 Officers.
 - Progress on key financial and compliance indicators are reported quarterly to CLT and to both Audit Committees bi-monthly by the S151/Deputy 151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group.
 - Delivery of Financial training detailed in this document will move staff to right level of skills.
 - TechOne has been upgraded to version 24B in March 2025. The next upgrade to 25B will take place in November 2025
 - Quarterly combined financial and performance monitoring started in the 2022/23 financial year and has continued in 2025/26.
 - The 2024/25 and 2025/26 MTFP process has been completed in both Councils. Work for the 2026/27 MTFP process has begun in both Councils.
 - Risk workshops are still to be run to assess Risk Appetite of Executive and Audit Committees.

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- A Treasury Management strategy, half yearly report, and outturn report are now part of the work programme. 2024/5 Half Yearly Reports have been delivered and an Outturn Report went to July Cabinet.
- To address staffing issues, additional posts have been recruited to as the team looks to start to move any from its reliance on external agency/consultants. Further posts are being recruited to as part of the stability programme.

In terms of more specific items:

- More Budget Consultation is being addressed in Tranche 1 of the budget through a targeted consultation process which finished on the 2nd January 2025.
- Wider savings monitoring is now being undertaken as part of the Quarterly monitoring process.
- Capital and its deliverability has been reviewed as part of the 2025/6 Budget Tranche 2. This will continue as part of the 2026/27 MTFP and the in-year monitoring processes.
- Benchmarking is now incorporated into the budget process (using LG Futures data).
- The Internal Audit Service has been externally assessed in early 2024 and passed that assessment.
- The Council is seeking an independent Audit Committee member and ensures the Committee remains apolitical in nature.
- Procurement and contract rules have been updated (to reflect changes to legislation in February 2025).
- Performance Indicators are being reviewed and updated following the Strategic Priority setting sessions and the delivery of simplified Business Plans during the summer of 2024. The first updated performance indicators were part of the Q3 monitoring.

2.18 It was confirmed by the PSAA that Ernst and Young would become the Councils External Auditors on the 24th October. The onboarding process has now completed and Ernst and Young have begun their checks on the 2023/24 Statement of Accounts. They have confirmed that they expect these to be fully disclaimed.

2.19 In terms of the 2024/5 Closure position, the draft accounts were ready for Public Consultation at the end of June 2025 as per existing Government legislation. The Public Consultation end date is Thursday 7 August 2025. Auditing of these accounts will depend on Ernst and Young and the planning process but is expected to be close to the Government backstop date of 27 February 2026.

Update On 2025/26 Budget

2.20 The Council's 2025/26 Budget was approved on the 19th February 2025 at Council. Budgets will be loaded onto TechOne in July.

2.21 Quarter One 2025/6 Financial and Performance monitoring reports went to Cabinet in September.

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Compliance Items

- 2.22 In their meeting in January 2024, Members requested further training to ensure they were informed in their decision making in this committee. Two sessions have been held in May and July 2024 and a further session was held on the Accounts in July 2025.
- 2.23 There are a number of areas where compliance is now being measured going forwards. Compliance to process and timetable is a key underlying theme of the Draft External Audit Report 2020/21 and the Combined 2021/22 & 2022/23. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils.

Training:

- Closure Training took place in March with 83 attending.
- Mandatory Budget Manager Training (including the use of TechOne) took place in September 2023 – upskilling budget managers with the tools to input their forecasts directly onto TechOne. This will be reviewed again as part of the Financial Stability Plan.
- Mandatory Financial Awareness Training for managers took place in August and September.
- Payments Purchase Order Training takes place monthly.
- Mandatory Purchase Order Retraining is now taking place annually.
- Mandatory VAT training for all finance staff

New tranches of training are being organised regularly.

Treasury Management

- The 2023/4 Outturn Report was approved by Cabinet in September (Council in October).
- The 2025/6 Strategies were approved by Council on the 19th February 2025.
- The Q1,Q2 and Q3 2024/5 positions have been reported in the Finance and Performance Reports. The Outturn report will be reported to Council in September.
- The 2024/25 Outturn Report was presented to Council in September 2025.
- The Q1 2025/26 position has been reported to Council in September 2025.

Errors:

- Non delivery of GPC Card Data (monthly basis) – – now being completed on a monthly basis
- Miscoding on TechOne per month – by Service Area –miscoding is now being cleared on a monthly basis. Previous years have been reconciled in most areas.

Procurement:

- The new 'No Compliance No Order' process has been live since April 2023.

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- We have now got to the place where the number of orders coming to procurement for approval where contracts are not in place are minimal and SLT are now putting in place measures to stop these going forward.
- Council in February approved an increase of the Key Decision Level from £50k to £200k. The Finance and Performance Monitoring Reports now set out:
 - All contracts requiring renewal over the next year that are over the present £200k threshold and these are placed on the forward plan.
 - All contracts requiring renewal over the next year that are between £50k and £200k for reference.
 - All contracts that are being procured by Redditch over this period that relate to Bromsgrove Services.

2.24 The issues with cash receipting work is ongoing but the closure of 2020/21 through to 2023/4 has reallocated over £125m of income wrongly allocated to suspense accounts. This ongoing work will be picked up as part of the Financial Stability Plan

Summary

2.25 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The 2020/21 to 2023/24 draft Accounts have now been submitted for Public Inspection and Audit and the report sets out the Plan for the delivery of other years accounts. This report is now up to date as at the end of September 2025 and delivered to each Audit, Standards and Governance Committee at Bromsgrove to updates it on progress against targets and also alert them to any issues and risks.

3. FINANCIAL IMPLICATIONS

3.1 This paper sets out the financial frameworks within which the Council works. The Closure of accounts process and the associated audit process confirms the overall financial position of the Council

4. LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising as a result of this report; however, the frameworks are generally linked to statute or the Council's Constitution.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

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

Climate Change Implications

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- 5.2 There are no direct climate change implications arising as a result of this report.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1 There are no direct equalities implications arising as a result of this report.

Operational Implications

- 6.2 Operational implications have been dealt with as part of the 2023/24 MTFP and 2024/25 MTFP, quarterly monitoring and the Closedown process.

7. RISK MANAGEMENT

- 7.1 The financial stability and sustainability of the Council is a core underlying theme of the Council's Risk Management Strategy and part of this Committee's remit to scrutinise. The closure of the four years accounts up to 2023/24 and submission of an audit opinion up to 2022/23 is key to ensuring there is external validation to the Council's overall financial position.
- 7.2 The Impact of the government imposed "backstop position", which has led to "disclaimer opinions here and also at numerous other Councils is still to be understood and remains a significant risk, especially as the Council now has three of these Opinions.
- 7.3 Deliver of financial data to government is important in their allocation of resources process. It is key that the Council deliver this information to timetable and the required standards.

8. BACKGROUND PAPERS

Interim Auditors Annual Report on Bromsgrove District Council 2021/22 & 22/23 – Audit Standards and Governance Committee November 2023, Council December 2023.

Section 24 Report to Audit and Council – November/December 2022.

Accounting Policies Report – March, July, September and November 2023, January, March, May, July, September and December 2024, January 2025 – Audit, Standards and Governance Committee

Finance Recovery Report – July 2023, October 2023, September 2024 – Cabinet

Programme Management Office Requirements – June 2023 – Cabinet

Approvals to Spend Report - July 2023 – Cabinet

9. Appendices

Appendix A – DLUHC Deliverables timetable

Appendix B – Timetable of other deliverables

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Appendix A Audit, Standards and Performance Committee 29th September 2025

Return	Council	Return Type	Code	Description	Period End	Submission Deadline	Completed?
Revenue Account Budget	BDC/RBC	GVT	RA	Local authority revenue expenditure and financing for 2025-26 Budget	2025-26	04-Apr-25	Complete
Quarterly Borrowing & Lending - Quarter 4	BDC/RBC	GVT	QB4	Local authority borrowing and investments from all local authorities to the end of Q4 2024-25	Q4 2024-25	07-Apr-25	Complete
Capital payments & receipts Q4 and provisional outturn	BDC/RBC	GVT	CPR4	Cumulative capital expenditure and receipts for Q1, Q2, Q3, and Q4 2024-25. Expanded collection, used as provisional outturn.	Y/E 2024-25	25-Apr-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Apr-2025	08-May-25	Complete
Council Tax & NDR Collection - Quarter 4	BDC/RBC	GVT	QRC4	Annual data of levels of council tax and non-domestic rates collected by local authorities in 2024-25; and receipts collected in Q4 and local council tax support claimants at the end of Q4	Q4 2024-25	09-May-25	Complete
Non Domestic Rates Outturn- unaudited	BDC/RBC	GVT	NNDR3	Collects information from all billing authority on the amount of non-domestic rates collected in 2024-25- provisional data	Prov'n Outturn 2024-25	31-May-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-May-25	06-Jun-25	Complete
Exit payments	BDC/RBC	GVT	exit	Local authority exit payments, 2024-25	Y/E 2024-25	06-Jun-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	30-Jun-25	07-Jul-25	Complete
Quarterly Borrowing & Lending - Quarter 1	BDC/RBC	GVT	QB1	Local authority borrowing and investments from all local authorities to the end of Q1 2025-26	Q1 2025-26	07-Jul-25	Complete
Council Tax & NDR Collection - Quarter 1	BDC/RBC	GVT	QRC1	Quarterly return of how much council tax and non-domestic rates are collected in Q1 2025-26; Number of local council tax support claimants at the end of Q1 2025-26	Q1 2025-26	11-Jul-25	Complete
Revenue Outturn suite - provisional	BDC/RBC	GVT	RO	Local authority revenue expenditure and financing, 2024-25 Outturn (first release)	Prov'n Outturn 2024-25	25-Jul-25	Complete
Capital Payments & Receipts - Quarter 1	BDC/RBC	GVT	CPR1	Cumulative capital expenditure and receipts for Q1 2025-26	Q1 2025-26	25-Jul-25	Complete
Quarterly Revenue Update - Quarter 1	BDC/RBC	GVT	QRU1	Q1 2025-26 data and forecast end year local authority revenue expenditure update	Q1 2025-26	01-Aug-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Jul-25	07-Aug-25	Complete
Capital Outturn Return	BDC/RBC	GVT	COR	Final capital outturn figures for 2024-25	Outturn 2024-25	22-Aug-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Aug-25	05-Sep-25	Complete
Local Government Pension Funds	BDC/RBC	GVT	SF3	Collect information on income and expenditure on local government pension schemes for 2024-25	Outturn 2024-25	12-Sep-25	Complete
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	30-Sep-25	07-Oct-25	
Quarterly Borrowing & Lending - Quarter 2	BDC/RBC	GVT	QB2	Local authority borrowing and investments from all local authorities to the end of Q2 2025-26	Q2 2025-26	07-Oct-25	
Revenue Outturn suite - certified	BDC/RBC	GVT	RO	Local authority revenue expenditure and financing, 2024-25 Outturn (second release)	Certified O'turn 2024-25	10-Oct-25	
Council Tax Base/ Supplementary	BDC/RBC	GVT	CTB	Information about the 2025 council tax base for each billing authority.	2025	10-Oct-25	
Council Tax & NDR Collection - Quarter 2	BDC/RBC	GVT	QRC2	Quarterly return of how much council tax and non-domestic rates are collected in Q2 2025-26; Number of local council tax support claimants at the end of Q2 2025-26	Q2 2025-26	10-Oct-25	

BROMSGROVE DISTRICT COUNCIL

Appendix A Audit, Standards and Performance Committee 29th September 2025

Return	Council	Return Type	Code	Description	Period End	Submission Deadline	Completed?
Quarterly Revenue Update - Quarter 2	BDC/RBC	GVT	QRJ2	Quarter 1 & 2 2025-26 data and forecast end year local authority revenue expenditure update	Q2 2025-26	17-Oct-25	
Capital Payments & Receipts - Quarter 2	BDC/RBC	GVT	CPR2	Cumulative capital expenditure and receipts for Q1 and Q2 2025-26	Q2 2025-26	24-Oct-25	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Oct-25	07-Nov-25	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	30-Nov-25	05-Dec-25	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Dec-25	08-Jan-26	
Quarterly Borrowing & Lending - Quarter 3	BDC/RBC	GVT	QB3	Local authority borrowing and investments from all local authorities to the end of Q3 2025-26	Q3 2025-26	08-Jan-26	
Council Tax & NDR Collection - Quarter 3	BDC/RBC	GVT	QRC3	Quarterly return of how much council tax and non-domestic rates are collected in Q3 2025-26; Number of local council tax support claimants at the end of Q3 2025-26	Q3 2025-26	16-Jan-26	
Capital Payments & Receipts - Quarter 3	BDC/RBC	GVT	CPR3	Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2025-26	Q3 2025-26	23-Jan-26	
Quarterly Revenue Update - Quarters 3 & 4	BDC/RBC	GVT	QRJ3	Quarter 1 to 3 2025-26 data and forecast end year local authority revenue expenditure update.	Q3 2025-26	23-Jan-26	
Non Domestic Rates Forecast	BDC/RBC	GVT	NNDR1	Billing authority forecasts of the amount of non-domestic rates to be collected in the 2026-27	2026-27 Forecast	31-Jan-26	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Jan-26	06-Feb-26	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	28-Feb-26	06-Mar-26	
Council Tax Requirement/ Parish Council Tax	BDC/RBC	GVT	CTR1/2/3/4	Information on council tax levels set by local authorities in 2026-27. Council tax levels for 2026-27 set by parishes	2026-27 Forecast	11-Mar-26	
of which: Parish council tax	BDC/RBC	GVT	-	Information on council tax levels set by parish and town councils in 2026-27. This data is collected on the CTR1 form but published later		11-Mar-26	
Capital Estimates Return	BDC/RBC	GVT	CER	Capital forecast for 2026-27	2026-27 Forecast	27-Mar-26	
Revenue Account Budget	BDC/RBC	GVT	RA	Local authority revenue expenditure and financing for 2026-27 Budget	2026-27 Forecast	03-Apr-26	
Monthly Borrowing & Lending	BDC/RBC	GVT	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	31-Mar-26	07-Apr-26	

Agenda Item 7

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Performance Committee 29th September 2025

Appendix B – Calendar of Financial Requirements

Budget

- **2025/6 Budget and MTFP delivered 19th Feb 2025.**
- Council Tax Base – Yearly – **2025/26 delivered on 7th January 2025**
- Council Tax Resolution – **Yearly 2025/26 delivered on 19th February 2025**
- Council Tax Billing – Yearly (2 weeks before 1st DD is due to be taken) – **Bills distributed in March 2025**
- **Policies**
 - Treasury and Asset Management Strategies
 - 23/24 Draft Outturn Report **delivered September 24.** 24/25 Outturn delivered **July 25**
 - 25/26 Strategy – **delivered as part of the MTFP on the 19th Feb 2025.**
 - 25/6 Council Tax Support Scheme **approved on 19th January 2025.**
 - Minimum Revenue Provision – yearly – **delivered as part of the MTFP on the 19th Feb 2025.**
- Financial Monitoring – **2024/5 Q1 Finance and Performance Report delivered to Cabinet Sept 24. Q2 on 10th Dec 24, Q3 on 26th March 2025, Outturn in July 2025, Q1 2025/26 Sept 2025.**
- Risk Management – **Q1 2024/5 delivered July 2024, Q2 in Dec 24, Q3 in March 25, Outturn in July 2025, Q1 2025/26 Sept 2025.**
 - Savings Report – **23/4 Outturn Report delivered in May 2024, Q1 24/5 in Sept 24, Q2 in Dec 24, Q3 in March 25, Q4 in July 25 onwards. NOW PART OF QUARTERLY MONITORING**
- Whole of Government Accounts Returns
 - **No longer required for previous years. Outstanding for Cycle 1 2024/25.**
- Over £500 spending.
 - **Updated to July 2025.**

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

- Government Returns
 - VAT – Monthly
 - **discussions ongoing with HMRC since mid-summer 2024 with final versions provided to get transactions up to date on the 19th December 2024. Monthly returns are now being submitted from December 2024**

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BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE

29 September 2025

ANNUAL GOVERNANCE STATEMENT – 2024/25

Relevant Portfolio Holder	Councillor Sue Baxter Portfolio Holder for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Bob Watson, Deputy Chief Executive and Chief Finance Officer bob.watson@bromsgroveandredditch.gov.uk Contact telephone: 07990 840078
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY OF PROPOSALS

- 1.1 The production of the Annual Governance Statement (AGS) forms part of the annual closure of accounts process. It is not a financial exercise but a corporate overview of the processes and procedures adopted by the Council to manage its affairs.

2. RECOMMENDATIONS

Audit, Standards and Governance Committee are asked to RESOLVE:

- 1) that the arrangements for compiling, reporting on and signing the Draft Annual Governance Statement be noted;
- 2) to comment on the Draft Annual Governance Statement including any areas which should be considered; and
- 3) that subject to changes identified above, agree and approve the statement for signature by the Chief Executive and Leader of the Council for inclusion in the statement of accounts.

3. Background

Introduction

- 3.1 The preparation of an AGS is necessary to meet the statutory requirements as set out in the Accounts and Audit (England) Regulations 2015. The AGS

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covers the Council's governance arrangements for the 2024/25 reporting year to 31 March 2025. The proposed AGS is attached at Appendix 1.

- 3.2 This report includes the AGS for Audit, Standards and Governance Committee to review, challenge and advise the Leader and Chief Executive upon accordingly.
- 3.3 Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:
- The Council's policies are implemented in practice;
 - High quality services are delivered efficiently and effectively;
 - The Council's values and ethical standards are met;
 - Laws and regulations are complied with;
 - Required processes are adhered to;
 - Its financial statements and published information are accurate and reliable; and
 - Human, financial and other resources are managed efficiently and effectively.

Arrangements for compiling the Annual Governance Statement

- 3.4 The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government.

Supporting Evidence

- 3.5 Evidence has been compiled to confirm the governance arrangements in operation across the Council for the period concerned. This sets out how the District Council demonstrates compliance with the principles of good governance and highlights where action is needed to address any weaknesses in the Council's governance arrangements.

Internal Audit

- 3.6 Based on the audits performed in accordance with the revised plan, the Head of Internal Audit Shared Service has concluded that the internal control arrangements during 2024/25 effectively managed the principal risks in a number of areas, but not all, and can be reasonably relied upon to ensure that the Council's corporate objectives have been met in the main. However, emerging risks will need to be identified and managed. Close monitoring of

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remediation measures is set to continue and the need to reduce the overall risk and work towards a better and sustainable approach beyond 2024/25 will be critical to create better transparency, expectation, and accountability. This will be necessary to ensure the District can continue to manage risk effectively and, ensure the development and deployment of a sound control environment where there is the potential for emerging risk.

External Auditors

- 3.7 Following the completion of the audits up to 31 March 2023 by Grant Thornton, which all received a 'disclaimed opinion', Bishop Fleming were appointed by PSAA as our auditors. They subsequently withdrew from the local authority audit sector. PSAA then appointed Ernst and Young (EY) as external auditors from 1 April 2023 onwards.
- 3.9 The Council is engaging with EY on the audit of the 2023/24 and 2024/25 accounts.

Internal Control and Governance Self-Assessment

- 3.10 Internal Audit issued each Service Area with the Internal Control Assurance Statement and this assessment provides a considered overview of the controls in place in order to come to an opinion on the governance arrangements and internal control environment within their service. Heads of Service completed this Assurance Statement which didn't highlight any further areas of risk / concern.

Risk Management

- 3.11 Risk management encompasses a number of areas such as projects, performance and partnerships. In addition, there is a corporate risk register which incorporates significant issues which could have a major impact on the strategic delivery of the Council's objectives.
- 3.12 Risk Management is overseen through a separate Risk Management Board which has representatives of all Services as well as specific risk specialists such as the Insurance Manager. Meeting on a quarterly basis, it is chaired by the Deputy Chief Executive and Chief Finance Officer. Risks at a Directorate level are discussed on a monthly basis and those considered strategic escalated through to Senior Leadership Team in line with the risk appetite. A report is also submitted to Audit Standards and Governance Committee on a quarterly basis.

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Corporate Governance

- 3.13 Regular updates on governance arrangements are reported through Corporate Leadership Team, Cabinet Audit, Standards and Governance Committee and ultimately to Full Council. This covers all aspects of governance – from constitutional changes, operational procedures such as Financial or Contract regulations or standards issues. Significant governance issues established in the AGS are reported to the Audit, Standards & Governance Committee.

4. IMPLICATIONS

Financial Implications

- 4.1 Financial implications are set out in section 3.

Legal Implications

- 4.2 The Accounts and Audit Regulations 2015 require that the Council complies with statutory accounting legislation and changes.

Service / Operational Implications

- 4.3 Outputs of Governance Reports must be addressed by Services.

Customer / Equalities and Diversity Implications

- 4.4 Outputs of Governance Reports must be addressed by Services; however, this will reflect best practice.

5. RISK MANAGEMENT

- 5.1 Contained in section 3.11 above

6. APPENDICES and BACKGROUND PAPERS

Appendix 1 – Annual Governance Statement 2024/25

6. BACKGROUND PAPERS

None.

7. KEY

AUDIT, STANDARDS AND GOVERNANCE

29 September 2025

None

BROMSGROVE DISTRICT COUNCIL

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APPENDIX 1

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Bromsgrove District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. Bromsgrove District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Bromsgrove District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level, consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bromsgrove District Council's policies and Strategic Purposes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at Bromsgrove District Council for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The framework to deliver good governance across the Council's services in delivering the Council's priorities encompasses a number of elements.

- The Council's priorities have been developed in line with the needs of our communities and customers and the Council Plan has been approved to reflect the activities that need to be undertaken by the Council to further support the delivery of these priorities
- Strategic Partnership meetings are held on a regular basis to ensure that all partners and agencies are engaged in supporting the Council's aims to deliver the priorities to our community. Liaison between officers to deliver joint working arrangements is encouraged and actively undertaken by the Council.
- A performance dashboard, and integrated quarterly finance and performance reporting, is in place for members and officers to review the performance of key measures, both strategic and operational across the organisation. This includes national statistics where relevant to the community of the District.
- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Cabinet and the other Committees operated by the Council.

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- Terms of reference for member working groups (e.g. Scrutiny Task Groups) are clearly defined.
- Council has approved Financial Regulations and Contract Procedure Rules. A full training programme is in place to ensure all relevant officers comply and understand the regulations in place.
- A clear scheme of Councillor/Officer delegations exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council. The Scheme of Delegations is included in the Council's constitution and is reviewed on an annual basis at the Annual Council meeting. A Member / Officer protocol is also set out in the Constitution.
- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training. This is developed by the cross-party Member Development Steering Group and includes induction, chairing and specific Committee based training.
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- A review of the Constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions. This includes the Scheme of Delegation to officers. A Constitution Review Working Group, comprising a membership of Councillors, meets throughout the year to review sections of the constitution, ensuring that the content remains up to date. Any recommendations arising from these meetings are reported to Council for approval.
- Decision making is carried out through Cabinet, Planning Committee and the Audit, Standards and Governance Committee. The Overview and Scrutiny Board has responsibility to review and scrutinise the activities of the Council and to hold the Cabinet to account.
- The Council has one local authority company: Spadesbourne Homes Limited. The governance structure of the company includes a Board, comprising Directors and a separate Shareholders Committee, comprising a membership of Councillors. The role of the Shareholders Committee is to determine matters reserved to the Committee in the articles of the company.
- By September 2025, there were five political groups represented on the Council. Each of these groups has a Group Leader and they are invited to attend regular Group Leader meetings to discuss key strategic issues impacting on the District. These meetings of Group Leaders also provide opportunities to share information with Group Leaders about key developments in the District.
- The Overview and Scrutiny Board is Member-led and determines what issues to scrutinise, including reports to Cabinet that the Board pre-scrutinises prior to any decisions being taken. Examples of subjects that have been scrutinised during the year include the Council's Levelling Up Project, car parking arrangements, the Council's play audit and the local heritage list. The Board is also the Committee that fulfils the Council's requirement to scrutinise the work of the North Worcestershire Community Safety Partnership in Bromsgrove District.
- The Overview and Scrutiny Board is also able to commission time limited Task Group reviews of specific policy areas. In 2024/25, reviews were undertaken of housing and reviews of the impact of heatwaves and foodbanks, launched in the 2023/24 municipal year, were completed.
- In Bromsgrove, there is a standing Finance and Budget Scrutiny Working group, which takes a lead on scrutinising the Council's budget. This group meets regularly, particularly during the busy budget setting months of December – February and provides Members with an opportunity to scrutinise budget proposals and opportunities in detail.
- In 2023/24, Members launched the Governance Systems Task Group which reviewed the governance structures in place at Bromsgrove District Council. As a result of that review, a number of changes were made to the Council's constitution. In addition, Members agreed to launch Cabinet Advisory Groups (CAGs). All Members are invited to attend CAG meetings, which focus on different strategic issues at each meeting selected by Cabinet Members and the meetings provide an opportunity for backbench Councillors to help shape local policy at an early stage. The work of the CAGs is separate to the statutory function of Overview and Scrutiny. Subjects reviewed by CAGs in 2024/25 included car parking and the play audit.

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- In 2024/25, a review of the constitution resulted in the introduction of a Joint Appointments Committee. The purpose of this Committee, which is shared with Redditch Borough Council, is to review and recommend appointments to statutory officer positions at the Councils. Joint Sub-Committees of the Joint Appointments Committee also fulfil other key functions, including the Statutory Officers Disciplinary Panel (if required).
- The Council has now set up a formal Senior Leadership Team governance meeting which consists of the Chief Executive Officer, Section 151 Officer, Monitoring Officer and Executive Director. The Senior Leadership Team meets weekly.
- Regular staff briefings and fourth tier manager forums are held to ensure staff are aware of changes and are engaged in the systems thinking methodology of supporting service changes across the Council. There are regular Chief Executive briefings held with staff – these include focus sessions and an opportunity for Q&As. Information is also circulated via the Oracle briefing which is sent electronically to staff, via other newsletters and information is also circulated to the Depots.
- In addition, a commercial approach to fees and charges and other income generation has been adopted. A framework of culture change is in place, through the Workforce Strategy, and managers are working with their teams to build up actions plans to support culture change in the Council.
- Financial management arrangements have been in place during the year through regular quarterly combined finance and performance monitoring reports, online purchase ordering systems and robust financial internal controls that ensure that the Council complies with statutory legislation. This has included resolving the financial systems issues linked to the enterprise system implemented on 8 February 2021 which resulted in S24 Recommendations to be issued by the Council's External Auditors for non-delivery of Statement of Accounts. A financial recovery process has been in place to rectify this position, and this is regularly reported to both Cabinet and the Audit, Standards and Performance Committee. This has delivered in terms of planned outcomes and will now be replaced by a Financial Stability Plan. In addition, Backstop Legislation implemented by the Government in September 2024 has also impacted the delivery of outstanding accounts.
- There is a clear procurement code and policy in place to ensure that purchases are made in a compliant and transparent manner.
- Assistant Directors are responsible for establishing and maintaining an adequate system of internal control arrangements when within their own services. They are required to sign off annual Governance and Internal Control returns where they can raise any items of concern. There were no new issues raised during 2024/25.
- The Constitution clearly defines the roles of Monitoring Officer, S151 and Head of Paid Service
- Regular press releases are submitted and online information about the Council is sent to residents to inform them of the Council's activities and services provided. In addition, information on the commercial services provided by the Council was sent out to enable residents to utilise the services offered.

Review of Effectiveness

Bromsgrove has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Assistant Directors within Bromsgrove District who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors.

The Constitution clearly identifies the terms of reference, roles and responsibilities of Full Council, Cabinet, Overview and Scrutiny Board and Audit, Standards and Governance Committee all of which have fully understood governance responsibilities.

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Throughout 2024/25, the Council adopted a robust approach to corporate governance, which has been advised through the work of the Audit, Standards and Governance Committee, Overview and Scrutiny as well as the statutory roles of the S151 Officer and the Monitoring Officer.

Audit, Standards and Governance Committee

The Committee played a role by reviewing and monitoring internal control issues throughout the year. This included approval of the treasury management strategy, savings reports, regular progress reports from Internal Audit and reports and updates from the External Auditors.

Internal Audit

The Council's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2015.

The Worcestershire Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient, and effective use of resources.

During 2024/25 the Internal Audit team delivered a comprehensive programme including:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
- a number of operational systems, for example, procurement and business continuity were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

Internal Audits' work programme helps to assure Audit, Standards and Governance Committee that the framework and statement can be relied upon based on the following:

- Evidence streams which were verifiable and could be relied upon
- Monitoring and reporting mechanisms were in place to report issues,
- These streams and reporting mechanisms are embedded in the RBC governance process.

Internal Audit reports are considered by the relevant Assistant Directors and Director of Finance and Resources, before submission to the Audit, Standards and Governance Committee for further scrutiny.

There were three Audit returned with an assurance level of 'limited'. One related to Corporate Credit Cards and was undertaken at the request of the Assistant Director of Finance and Customer Services during the year. A full review of the existing processes has already been undertaken, and Financial Rules are being rewritten to reflect these changes. The second review related to Procurement and Contract Management which identified that a number of improvements had been made in this area, but further improvement was still required in terms of compliance deadlines and record retention. A follow-up review will take place in 2025/26. The final one related to Accounts Payable. There were no major gaps identified in control – however as the audit could not be fully completed due to capacity issues within the Accounts Payable team, the Internal Audit Team could not provide assurance across all areas.

Significant Governance Issues

The Annual Governance Statement identifies governance issues and risks for the Council to address, and these are linked to the following two external documents: External Auditors Draft Annual Report for

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE

29 September 2025

2020/21 and the External Auditors Draft Report for 2021/22 and 2022/23. These include that the Council in November 2023 received a Report from the Council's External Auditor setting out that the Council had received a S24 Statement for non-delivery of the 2020/21 to 2022/23 Accounts within the required timescales due to the implementation of a new financial ledger and the inherent financial risks associated with this. In respect of Governance Arrangements relating to the 2021/22 financial year:

Actions in these reports have been updated following the issuing by the Government in September 2024 of "Backstop Legislation" to close accounts up to the 2022/23 financial year by the 13 December 2024 and the 2023/24 financial year by the 28 February 2025.

The 21/22 and 22/23 External Audit Report highlights the following key recommendations in the Draft 2020/21 External Audit Report:

- The 2020/21 to 2022/23 Accounts must be completed and Audited by the date of the next Audit report to ensure there is full confidence in the Council's finances.
- The Council should direct effort toward embedding and stepping up the Workforce Strategy objectives. In line with the recommendations of the LGA Peer Review (March 2023), the Council should ensure that there is commitment at all levels of the organisation to enact succession planning, creative recruitment and development of the workforce. The Council should also ensure that existing staff are utilised in the most effective way possible to ensure delivery of key Council programmes (such as the finance recovery programme) and the strategic priorities
- The Council needs to ensure that the Medium-Term Financial Plan (MTFP) presented to members and Stakeholders is completely transparent regarding the financial challenge and that any savings schemes included are fully worked up and approved by Members in advance.
- The Council needs to improve the management of Key projects, such as the financial ledger implementation, to ensure that the expected benefits are realised. As part of this the Council needs to undertake a comprehensive review of the financial ledger implementation and ensure that lessons are learned for future key projects.

In response to these issues

- Now that the Government have imposed a backstop date of the 13 December 2024 for Draft Statement of Accounts to be produced, 2020/21 and 2021/22 have been delivered by the backstop date with "Disclaimer Opinions". 2022/23 was delivered by the 7 January 2025, also with a "Disclaimer Opinion". 2023/24 was published in draft in line with the timetable and requirements of the inspection notice for the accounts but could not be signed off due to the lack of an auditor (after the previous auditor, Bishop Fleming resigned). Work is now being undertaken with the Council's new auditor, Ernst & Young on the 2023/24, with an expectation that a "Disclaimer Opinion" will be issued.
- There is a Country wide issue of what the impact of "Disclaimer Opinions" mean for the wider Local Government Sector and Bromsgrove Council in particular.
- The Council put in place a Financial Recovery process to get accounts up to date. These have now been fully completed by the Council, subject to sign off of the 2023/24 accounts. Since Q1 2023 the Audit, Standards and Governance Committee have met six times a year to ensure financial compliance is being delivered. This will now revert to four times a year.
- The MTFP, from 2023/4 onwards is now a 2 Stage process within Stage 1 for wider descriptions on savings and growth items and the time for Members to properly debate all the contents of the reports, including base underlying assumptions. Wider consultation has been undertaken in Q3 2024 for the 2025/26 budget.
- Joint finance and performance monitoring has taken place since Q1 2022/23 with reports going to the Corporate Management Team and then Cabinet.

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- An updated Risk Management process has been implemented with reports coming quarterly to the Corporate Management Team and Audit Standards and Governance Committee for review and comment. This regime also includes how formal project monitoring is delivered.
- The Workforce Strategy is moving forward with monthly meetings reviewing the action plan and delivery against it.

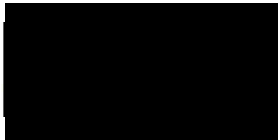
An opinion from the Head of Worcestershire Internal Audit is provided in the Accounts on page 73.

Conclusion and Evaluation

As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues, and we will monitor their implementation and operation as part of our next annual review.

Signed  Date

Signed  Date

Leader of the Council & Chief Executive on behalf of Bromsgrove District Council.

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Elected Councillor Risk Champion

Terms of Reference

This document outlines the Terms of Reference for the Elected Councillor Risk Champion at Bromsgrove District Council. The role supports effective risk management and promotes a risk-aware culture within the Council.

1. Role Title

Elected Councillor Risk Champion

2. Purpose of the Role

The Risk Champion acts as a key advocate for effective risk management within the council. The role supports the development of a strong risk-aware culture, ensuring that elected members understand and engage with the council's approach to identifying, assessing, and managing risk, and appropriate member challenge is presented to officers with risk management responsibilities.

3. Objectives

- Promote awareness and understanding of risk management among elected members.
- Provide a link between the council's risk management function and elected members.
- Support the Audit, Standards and Governance Committee in its oversight of risk.
- Encourage integration of risk management into strategic decision-making.
- Provide challenge to officers of the Council with regard to risk management and mitigation actions.

4. Key Responsibilities

- Champion the importance of risk management across all council activities.
- Liaise with the council's senior officers, including the Chief Finance (Section 151) Officer and the Monitoring Officer, on risk-related matters.
- Liaise with departmental risk champions where relevant.
- Attend and contribute to relevant committees, workshops, and training sessions.
- Review and challenge the council's strategic risk register and risk management framework.
- Be an invited member of the Council's Corporate Risk Management Officer Group (CRMOG).
- Provide informal support and guidance to other councillors on risk-related issues.
- Report periodically to the Audit, Standards and Governance Committee on risk culture and councillor engagement.

5. Skills and Attributes

- Understanding of local government governance and decision-making processes.
- Experience and/or interest in risk, assurance, and performance management.
- Ability to communicate effectively with both officers and elected members.
- Willingness to engage in training and development on risk management.

6. Term of Appointment

The Risk Champion will be appointed/confirmed annually by the Audit Standards and Governance committee, with the option for reappointment. This will normally be at the first meeting of the committee in the municipal year.

7. Support and Resources

The Risk Champion will be supported by:

- The Council's Risk Management Officer or equivalent.
- The Chief Finance Officer, Internal Audit Manager and Monitoring Officer (or nominated deputies)
- Access to relevant training and development opportunities.

8. Reporting and Accountability

The Risk Champion is not a decision-maker but plays an advisory and advocacy role. They will report informally to the Chair of the Audit, Standards and Governance Committee and may be invited to present updates as required.

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS & GOVERNANCE COMMITTEE – WORK PROGRAMME 2025/26

24th November 2025

Standing items:

- Standards Regime – Monitoring Officer's Report
- External Audit Backstop Report
- Internal Audit Progress Report
- Financial Compliance Report including update on Statements of Accounts
- Risk Management Report / Quarterly Risk Update
- Risk Champion Update
- Committee Work Programme

Other items:

- Whistleblowing Policy Update

24th February 2026

Standing items:

- Standards Regime – Monitoring Officer's Report
- **External Audit Backstop Report** (Main item - signing off the accounts)
- Internal Audit Progress Report
- Financial Compliance Report including update on Statements of Accounts
- Risk Management Report / Quarterly Risk Update
- Risk Champion Update
- Committee Work Programme

Other items:

- Capital Strategy 2026-27 including Treasury Management Strategy

16th April 2026

Standard items:

- Standards Regime – Monitoring Officer's Report
- External Audit Backstop Report
- Internal Audit Progress Report
- Risk Management Report / Corporate Risk Register
- Financial Compliance Report including update on Statements of Accounts
- Risk Champion Update
- Committee Work Programme

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