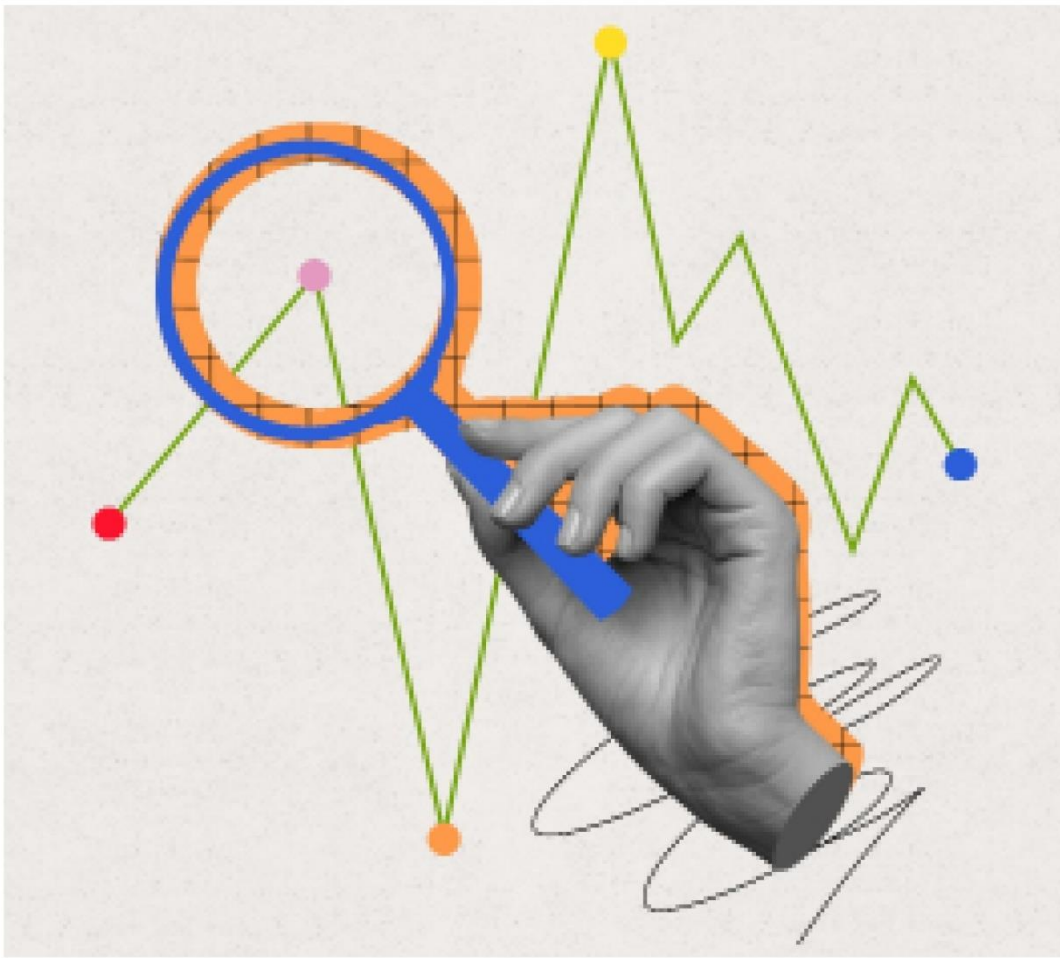


Bromsgrove District Council



Audit, Standards and Governance Committee **ANNUAL REPORT**

2025 - 2026



Bromsgrove
District Council
www.bromsgrove.gov.uk

CHAIRMAN'S FOREWORD

On behalf of the Committee, I thank Councillor Harrison Warren-Clarke for his Chairmanship prior to my appointment on 14th July 2025. I took the opportunity to undertake training supplied by the Local Government Association (LGA) to understand the complexity of the role of Chairman for this very important Committee. I note that this is an apolitical meeting with duties outlined within this report. It does not appear very exciting as it relates to Audit, Standards & Governance (A, S and G) but is essential in providing Councillors, who are residents' representatives the assurance needed in audit matters and in how the Council govern the delivery of services and maintain standards.

I thank **all** the Democratic Services Officers for their support, including the interim 151 Officer Julie Lorraine, Mrs Debra Goodall and their team for continuing to progress improvements and resolution with the ongoing issues of how Value Added Tax (VAT) is managed with His Majesty's Revenue and Customs (HMRC). This matter is a complex one, given our shared service arrangement for financial matters. The draft accounts were produced in time for the period of public inspection, although further work is currently underway to improve our lines of communication with the External Auditors, which resulted in our inability to meet the backstop date of 26th February 2026 for publication of the final accounts. I thank Councillor Stephen Colella on becoming our Risk Champion and in moving forward this agenda, taking over from where Councillor Rachael Bailes left off, I thank her for her work. We have elevated the assessment of Corporate Risk to an item on the agenda befitting the significance of ensuring Corporate Risks are carefully assessed and to be assured of adequate mitigation of Corporate Risks for Council and residents. This is now supported with a live 'Risk Dashboard' for Officers and some A, S and G Members. Officers continue to develop this newly created information communication technology (ICT) support system. I thank all the Members of the Committee for their diligence and attention, given the breadth of work that the Committee undertakes.

The report this year has moved on from the period where we saw significant issues highlighted by our Auditors Annual Reports for 2020/21, 2021/22 and 2022/23. The most important of these being that we closed those accounts. The 2023/24 and 24/25 accounts are currently being Audited by Ernst and Young (EY) our new external auditors. We have had expectations these would be signed off in line with Governments "backstop requirements" on 26th February 2026. As with many Councils, there is still the requirement for clarity over previous and potential further "Disclaimed Opinions" and their knock-on effect on future years audit opinions. We continue to engage positively with EY to agree a new timeline for their work to complete on the outstanding accounts and will remain on the government's published list of councils yet to issue final audited positions until such time as that is resolved.

The Committee agreed that the requirement highlighted by the Audit Task Group in 2023 on rectification of the financial position, having these deliverables met, moved back to meeting quarterly. We now reserve the right to call additional formal meetings, if required going forward in uncertain times, as we approach Local Government Reorganisation (LGR). We continue to look to appoint an independent lay member of the Committee, which was highlighted in Councillor David Nicholl's and Councillor Harrison Warren-Clarke's previous reports to Council. We appreciate the engagement of the representative of Parish Council's, Marc Worrall, whose participation will be essential going forward. There is much to do before the change to a unitary authority takes place.

Councillor E.M.S. Gray

Chairman of the Audit, Standards and Governance Committee

MEMBERSHIP



Esther Gray (Chairman)



Bakul Kumar (Vice-Chairman)



Sam Ammar



Steve Colella



Anita Dale



Derek Forsythe



David Hopkins



Bernard McEldowney



David Nicholl



Justin Stanley



Marc Worrall (Parish
Councils' Representative)

INTRODUCTION

This report provides an overview of the Audit, Standards and Governance Committee's activities during the municipal year 2025-26.

The ultimate responsibility for Audit rests with the Portfolio Holder with responsibility for Finance and the Section 151 Officer. The Portfolio Holder is expected to attend each meeting as determined in the Council's Constitution.

During the year the Committee had considered reports and updates on the following subjects:

- Monitoring Officer's Report – details complaints and training taken place during the period between meetings.
- Updates from the Internal Audit Team.
- Updates from the External Auditors (including Backstop Report).
- General Dispositions Report.
- Annual Update Report on Regulation of Investigatory Powers Act 2000 (RIPA) Report.
- Financial Compliance Report (including updates on Statements of Accounts).
- Financial Savings Monitoring Report.
- Risk Management Report/Quarterly Risk Update.
- Risk Champion Update.
- Annual Review from the Local Government Ombudsman.
- Whistleblowing Policy update
- Capital Strategy including Treasury Management Strategy

Further information about some of the key responsibilities of the Committee are detailed within this report.

Meeting dates and minutes of the Audit, Standards and Governance Committee meetings can be found on the Bromsgrove District Council website, link detailed below:

[Browse meetings - Audit, Standards and Governance Committee](#)

The Role of The Audit, Standards And Governance Committee

Scope and Responsibility

The Audit, Standards and Governance Committee provide independent assurance to the Council in respect of:

- The effectiveness of the Council's governance arrangements
- The Annual Governance Statement
- The Review of the Annual Statement of Accounts
- Risk Management Framework and strategies
- The effectiveness of the Council's financial and non-financial performance
- Anti-Fraud arrangements
- Whistle-blowing strategies
- Internal and external audit activity
- Democratic governance

The Committee is also responsible for the Council's Standards Regime which covers both District and Parish Councils. Areas encompassed within the Standards Regime include:

- Promoting high standards of conduct by Councillors and co-opted members of Council bodies.
- Assisting Councillors and co-opted members to observe the Members' Code of Conduct.
- Advising and training Members and co-opted members in respect of the Code of Conduct.
- Formulating advice to members and officers in declarations of gifts and hospitality.
- Granting dispensations to Councillors and co-opted members from requirements relating to interests as set out in the Code of Conduct.
- Considering reports from the Monitoring Officer following investigation into complaints about elected Members.

Meetings of the Committee – 2025-2026

The Council's constitution requires the Audit, Standards and Governance Committee to hold quarterly meetings. At its meeting on 9th March 2023, the Committee agreed that it should hold six meetings per municipal year (meet bi-monthly) until issues with the submission of the outstanding Statements of Accounts had been resolved. During the meeting held on 16th January 2025, Members agreed to the recommendation that following receipt of "Disclaimer Opinions" from the External Auditors for the 2020/21 and 2021/22 Accounts, as approved at the Committee meeting on the 5th December, the subsequent "Disclaimer Opinion" of the 2022/23 Accounts on the 3rd January and the provision of the 2023/24 Accounts for Public Consultation by the 17th January 2025 as per the backstop regulations, that Audit, Standards and Governance Committee meetings revert to being quarterly in nature. In addition to these meetings members of the Audit, Standards and Governance Committee are invited to meet with the internal Auditor who provides guidance on how that work is carried out and how concerns come to them to add to their investigations. This opportunity took place on 15 December 2025 via Teams. It is considered good practice for this to continue in this vein.

Standards Regime

There are two main areas which are considered regularly in terms of the Committee's responsibility for Standards.

Monitoring Officer's Report

This covers Member Training, Member Complaints and Parish Council matters.

If the elected Member was found to have breached the Authority's Code of Conduct, the powers available to the Authority include a formal letter of warning to the Member and formal censure by motion, of a committee, for the removal of the Member from a Committee (which does not legally prevent the Councillor in question from attending), in addition to adverse publicity.

The Council's Code of Conduct is designed primarily with the view of maintaining standards through a conciliatory approach and there was a high reliance on the Monitoring Officer working in cooperation with political Group Leaders when finding resolutions to Member complaints.

It was reported through the Monitoring Officer's report that Members received training throughout the 2025-2026 municipal year. A small number of Member training sessions had been arranged for 2025/26. This reduced number of training sessions had been booked in accordance with arrangements requested by the Member Development Steering Group (MDSG). In line with the approach agreed, some of this training was delivered jointly with Redditch Borough Council, whilst other sessions were bespoke and being delivered to Bromsgrove Members only.

The MDSG had previously requested that the majority of training should be delivered in person, however, Members can opt to attend most training sessions remotely, with the link to the session provided on request. For 2026/27 the MDSG had agreed that the majority of training should be delivered remotely on the basis that this will be more convenient for Members who have work, caring or other commitments. The exceptions to this will be planning and licensing training, where members will be expected to attend the training that is provided in person.

The MDSG had also requested that Safeguarding training be arranged to be delivered prior to the end of the municipal year. Officers are currently in the process of identifying a date on which this training could be delivered.

The training included the following sessions:

- Code of Conduct Training – Thursday 8th May 2025
- BDC Member Planning Training – Monday 2nd June 2025
- Joint RBC/BDC Member Local Government Finance Training – Wednesday 25th June 2025
- Member Licensing Refresher Training – Monday 21st July 2025

The Member Development Steering Group (MDSG) had met several times throughout the municipal year. MDSG discussed the needs and adaptations required to make training relevant to Members. In addition, discussions took place regarding the Member Induction and training for the next municipal year.

The Constitution Review Working Group (CRWG) is a cross-party group where any potential changes to the Council's constitution are discussed. CRWG continued to meet during 2025-2026 and had been considering issues relating to constitutional changes that follow the Council's approval on 20th September 2023 of the hybrid Leader and Cabinet governance model, implemented from the start of 2024-25 municipal year.

Among the items of business that the group discussed during the municipal year were:

- Planning Committee Matters referred from the Council in respect of Motions on Notice.
- Council Procedures Rules in respect of Public Participation.
- Motions on Notice in respect of the Requirements in the Council Procedure Rules.
- Retention Schedule Rules in respect of the live streaming of meetings.

Member Complaints

An update on Member complaints had been provided in all Monitoring Officer's reports. It was noted that several Member complaints had been received to date in 2025-26, most of which have been resolved locally. There had also been several complaints received in respect of Parish Councillors. These continue to be investigated locally by the Monitoring Officer. There had been no investigations about Members which required a Hearings Sub-Committee to be convened.

Dispensation Report

The Audit, Standards and Governance Committee received several dispensations reports this year. The reports on Individual Member Dispensations were considered on 14th July 2025 respectively. The requests for Individual Member Dispensations detailed in those reports were granted by the Committee. The dispensations agreed at these meetings remain valid until the first meeting of the Audit, Governance and Standards Committee following the next District Council Elections in May 2027 unless amended by the Committee prior to that date.

Parish Council Involvement

The Parish Council's representative can add any item on to the agenda as required as outlined in the Committee Terms of Reference. Whilst Parish Councils can appoint two representatives on to the Committee, only one of these places was taken up. The Parish Council's Representative for the municipal year 2025-26 was Mr M. Worrall.

Investigations and Enquiries

The Independent Person, Mr Mel Nock, had continued to support the Monitoring Officer in the management of Member-to-Member complaints where necessary. The Council had considered joining the other District Councils in Worcestershire that had a retained pool of

Independent Persons. Any proposals for this would be considered by the Committee. In the meantime, Mr Nock, remains the Independent Person on an interim basis.

INTERNAL AUDIT REPORTS

During the year the Committee had continued to receive updates on the work of the Internal Audit team including details of the following completed audit reports:

- Internal Audit Plan 2025-26
- Internal Audit Annual Report 2024-25
- Internal Audit - Progress Report (every meeting).

EXTERNAL AUDITORS

On the 3rd of October 2024, the Council appointed Auditors for 2023/24 onwards Bishop Fleming notified the Council that they were resigning. The Council, following liaison with Public Sector Audit Appointments Limited (PSAA) for the appointment of alternative Auditors, confirmed that Ernst and Young (EY) would officially become the Council's External Auditors on the 24th of October 2024 and held their first onboarding meeting following the start of the municipal year on 14th July 2025.

During the year the Committee received reports and updates from Ernst and Young on the following subjects:

- Audit Update Report 2023/24

The Progress Reports were considered at each meeting of the Committee and covered a range of issues including the following:

- Signing of accounts for 2021/22 and 2022/23
- Disclaimer of opinion for 2023/24 and 2024/25
- Draft auditor report for 2024/25
- Value for Money (VFM)
- Significant Risks
- Financial Statements

Section 24 Notice

One of the legislative reporting requirements the Council had not achieved was 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. Following this, a review was undertaken by a Task Group of the Audit, Standards and Governance Committee. As part of its investigations, a decision was undertaken to increase the frequency of Audit Committee meetings to six times a year, until the Council rectified the situation.

Backstop Report

On 30th July 2024, the Minister of State for Local Government and English Devolution provided a written statement to Parliament confirming the Government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13th December 2024. A

backstop date for 2023/24 was proposed of 28th February 2025 and a date for 2024/25 audits of 27th February 2026.

External Auditors, Grant Thornton considered that there would be insufficient time to conclude their work in advance of the 13th December 2024 backstop deadline. On that basis the backstop for the 2020/21, 2021/22 and 2022/23 years was applied. Given that several key audit areas remained outstanding, their proposed audit reports would be issued as a disclaimer of opinion, effectively meaning Grant Thornton had been unable to gain the assurance necessary to give an audit opinion by the statutory backstop date of 27th February 2026.

During its meeting on 16th January 2025, Members agreed that following receipt of the Disclaimer Opinions for the 2020/21 and 21/22 Accounts, the subsequent Disclaimer Opinion of the 22/23 Accounts and the provision of the 2023/24 Accounts for Public Consultation that meetings revert to being quarterly in nature.

Risk Champion Updates

Following discussions held by the previous risk champion and considerations of the role and responsibilities, during a meeting held on 24th November 2025 it was announced and agreed by the Board that Councillor S.R. Colella be appointed as the new risk champion. It was also agreed that further informal discussions about the role would be discussed with the Interim Section 151 Officer and that it would be appropriate that the risk champion should be invited to attend future Corporate Risk Management Officer Group (CRM OG) meetings.

Following the request by the Chairman it was agreed that the Risk Champion update would follow the Risk Report for continuity, on each agenda. During a meeting held on 17th February 2026 the Risk Champion praised the significant improvements in risk management maturity and the introduction of the Power BI system, which would enhance transparency and oversight and would assist with the ability to fulfil the role of Risk Champion.

Below is a summary of the main matters discussed at Audit, Standards and Governance Committee in this municipal year:

14th July 2025

Annual Update Report on Regulation of Investigatory Powers Act 2000 (RIPA)

During this meeting Members were asked to consider the annual update report on the Regulation of Investigatory Powers Act 2000 (RIPA). It was explained that the Council had not used RIPA powers in recent years and that the policy was praised by inspectors and only minor updates were required.

Localism Act 2011 – Standards Regime – Dispensations

During consideration of this report the Committee considered the 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.

External Audit On Boarding Discussion Update

Members welcomed the newly appointed external auditors Ernst and Young (EY) to the meeting with the following key points discussed regarding the onboarding process:

- 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.

Annual Report of Internal Audit for 2024/25

This 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, 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.

Internal Audit Plan 2025/26

During this item the Committee considered the draft Internal Audit Plan for 2025/26 with the key points 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.

Financial Compliance Report including Update on Statement of Accounts

This report set out details of delivery against key financial requirements with the following key points discussed:

- 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 at Redditch Borough Council. Some historical VAT issues remained under review, particularly around shared services with Redditch Borough Council.

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 which resulted in 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 risk items which required careful monitoring. The Red risk 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-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.

Risk Management Report/Quarterly Risk Update

During the meeting the Committee considered an update report about corporate and departmental risks with the following key points discussed:

- 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.

29th September 2025

Annual Review from the Local Government Ombudsman

During this meeting Members considered a report on the Local Government Ombudsman's Annual Review Letter, which set out the statistics for complaints made against the Council covering the year ending 31st March 2025.

Members were informed that the Local Government Ombudsman had changed its reporting approach. Annual letters would only be issued in cases of exceptional practice or concerns about complaint handling. Bromsgrove District Council (BDC) had not received such a letter for the period ending 31st March 2025.

During that period, 3 new complaints were received and 6 were decided. Of the 6 decided cases, only 1 complaint was upheld, relating to housing and home adaptations under a Disabled Facilities Grant. Both BDC and Worcestershire County Council (WCC) were found to be at fault, resulting in a service failure. The Ombudsman's recommendations were detailed in the report and had been considered by Cabinet on 22nd January 2025. All recommendations had been complied with. Of the remaining decided complaints, 3 were referred back to the Council as premature and 2 were closed after initial enquiries due to insufficient evidence of fault or injustice. A link to the Ombudsman's website was provided for Members to view statistics for other local authorities.

Audit Update Report 2023/24

This report provided a background and status update on the 2023/24 audit for the Council and context regarding the Government's legislation aimed at clearing the backlog of local audits and establishing a sustainable audit system.

It was noted that the Council had missed Phase One of the recovery deadline, as the 2021/22 and 2022/23 accounts were signed in January 2025, beyond the 13th December 2024 backstop date. This delay impacted the 2023/24 accounts, which were not published until mid-

January 2025, with the inspection period ending on 27th February 2025. Consequently, Phase Two of the recovery had not been met.

The audit commenced in June 2025, following onboarding delays. Challenges were encountered which included management resources being prioritised toward meeting the 30th June 2025 deadline for publishing 2024/25 draft statements, conflicting annual leave schedules and delays in the provision of requested information.

It was acknowledged that the Council had not been subject to audit for several years, which had impacted capacity and created challenges for the management team, however, efforts to address the issues was ongoing.

Despite the disclaimer of opinion on the 2023/24 financial statements, EY confirmed that auditing standards required certain procedures to be performed, which were underway. The local regulations also required Value For Money (VFM) work to be completed, which was also in progress.

Internal Audit Progress Report

The Committee received the routine internal audit progress report. It was noted that good progress had been made since the audit plan was approved in July 2025. The service was fully staffed and 82 audit days had been delivered against a full year plan of 250. Although this was below the pro-rata target, it had been planned to load more work into the second half of the year.

It was further reported that 2 audits were at draft report stage and 7 were in progress. Members' attention was drawn to the report provided which detailed 22 outstanding recommendations, including 1 high and 3 medium priority actions overdue as of June 2025. It was confirmed that actions related to aged debt reporting had since been implemented, reducing the total to 20 outstanding. The remaining overdue actions related to member training on cybersecurity and confirmation that third-party contracts included robust data security provisions. It was noted that the Council's new procurement regulations were expected to address the latter, pending confirmation.

Members also noted that no significant changes to the internal audit plan were proposed. Members were informed of upcoming team training events which included assignment management training and integrity and objectivity training.

Financial Compliance Report

This reporting provided an update on progress made in response to the Section 24 Statement and the Council's financial recovery and stabilisation efforts. It was reported that the Council had made good progress overall, with key deliverables such as the Quarter 1 Finance Performance and Treasury Management reports completed. However, 2 national returns remained outstanding which included VAT returns and Whole of Government Accounts (WGA).

Significant work had been undertaken with HMRC and tax advisors (PS Tax) with monthly VAT returns being submitted. An internal VAT team has been resourced complimented by an external specialist advisor, PS Tax to support the preparation and submission of error

correction notices as agreed with HMRC. Mandatory VAT training was being rolled out across the finance team, with introductory training planned for the wider organisation.

The WGA had not been produced for several years, in line with many other authorities. A substantial mapping exercise was planned to bring the Council back on track.

The 2023/24 and 2024/25 accounts were expected to be disclaimed due to audit timelines. Public consultation on the 2024/25 accounts had closed on 11th August 2025 and discussions with EY were ongoing. The Council had transitioned to clearing routine accounts on a monthly basis, marking a significant step forward from previous backlog clearance efforts.

A financial stabilisation plan update was also provided. The recovery phase had placed significant strain on the finance team and stabilisation was the priority. Several interim appointments had been made to strengthen the team including Chief Accountant (interim), Finance Services Manager (interim), 2 Senior Finance Business Partners (permanent), 2 Finance Business Partners (interim), VAT Specialist (interim), Tech One Systems Manager (interim) and Tech One Technical Support Officer (interim).

A Project Manager was still to be recruited who would oversee major workstreams and it was noted that the Council would utilise its finance stabilisation reserve to fund these temporary arrangements. A report outlining the structure and associated budget pressures was being prepared also for Member's consideration.

Annual Governance Statement

The Committee received the Annual Governance Statement (AGS) for the financial year ending 31st March 2025. It was explained that the AGS was a statutory requirement under the Accounts and Audit Regulations 2015 and provided a corporate overview of governance arrangements. Although it formed part of the Statement of Accounts, it was not a financial report.

The AGS was based on principles of good governance set out by The Chartered Institute of Public Finance and Accountancy (CIPFA) and The Society of Local Authority Chief Executives and Senior Managers (SOLACE) and covered systems, processes, culture, values, strategic objectives, stewardship of public funds and VFM. It also included internal controls, risk management, performance monitoring, compliance with the constitution, decision-making processes, scrutiny functions and contributions from internal and external audit.

It was noted that the AGS identified significant governance issues, including delayed accounts and the Section 24 statements. The delay in signing off the 2023/24 accounts was attributed to the withdrawal of the Council's previous external auditors Grant Thornton and the onboarding of EY. The Council had made representations to Central Government explaining the delay, which were accepted.

The Committee was informed that although disclaimer opinions were expected for 2023/24 and 2024/25, each audit cycle was providing increasing levels of assurance. The Council was working towards achieving a full audit opinion in future years.

24th November 2025

Standards Regime – Monitoring Officers’ Report

During this meeting the committee considered the Monitoring Officer’s reformatted report which provided updates on Member Complaints, Constitution Review and Member training as follows:

- Three public complaints against Members were received and resolved and were all assessed as not conduct matters.
- Five Member to Member complaints were received and resolved informally.
- The meeting of the Constitution Review Working Group (CRWG) which took place on 16th September 2025 discussed matters such as the retention schedule rules in respect of the live streaming of meetings.
- The Member Development Steering Group (MDSG) held a meeting on 27th October 2025. During this meeting the group received an ICT update and feedback from Members for the planning refresher training which took place on 2nd June 2025.

External Audit Update

The External Auditors Ernst and Young provided an update of the 2023/24 and 2024/25 accounts for Member’s consideration.

The following key points were discussed as follows:

- 2023/24 audits restarted in November 2025 and an audit opinion was expected in the new year.
- The draft auditor’s report for 2024/25 had been shared with the Interim Section 151 Officer and would also be provided to the Chairman of Audit, Standards and Governance Committee.
- The 2024/25 audit backstop date of 27th February 2025 would be achieved but due to time constraints, would have a disclaimer opinion.
- The Value for Money (VFM) 2023/24 accounts were nearing completion and once completed EY would then begin to review the 2024/25 accounts.

Risk Management Report/Quarterly Risk Update

This reporting provided The Corporate Risk Update Quarter 2 2025/26 set out activities the Council undertook to monitor and mitigate risk at a corporate level. The Council held a risk register of the most significant risks in relation to the achievement of corporate priorities. This risk register was reviewed quarterly in accordance with the Risk Management Strategy.

As part of the audit reports in 2021 and 2023 the Council introduced processes to actively embed risk mitigation into normal business and introduced departmental ownership of service risks. The latest audit of the Risk Management Embedding 2024/25 dated 1st June 2025 produced an audit opinion of ‘Reasonable Assurance’.

Corporate Risks were identified in the table set out in the report. There had been two movements since the Q1 report as follows:

- Delivery of the Levelling Up Board (COR0010) which moved from an inherent risk of 12 to 9 and residual risk of 12 to 6. Levelling Up Fund (LUF) projects would be completed in May 2026 ahead of the funding deadline.

- Bromsgrove DC Being placed into special measures due to quality of planning application decisions COR0009 had moved from an inherent risk of 9 to 6. Managers supported maintaining a good turnover of major applications, to provide a stable numerical base and also continued to closely monitor appeal decisions. Planning committee members were provided with performance information via a report at Committee which would be completed on a quarterly basis.

Service Risks were set out in the report with no movements since Q1.

Training on how to use the 4Risk system was being arranged for all Members early the following year which would enable Members to review the system.

The Chief Executive also agreed with the Committee and suggested incorporating an additional corporate risk in relation to the arrangements for the Interim Section 151 Officer. It was also suggested that there should be an internal audit review of the actions to mitigate the risks associated with the interim role to provide additional assurance regarding looking forward in respect of financial governance and reporting matters.

Cyber Security Update (Including Whatsapp and AI Policy)

This report introduced two policies for recommendation to Cabinet as follows:

- The Artificial Intelligence (AI) Acceptable Use Policy set principles for ethical, transparent AI use, GDPR compliance and training requirements.
- The WhatsApp Policy restricted use to non-sensitive information. It also set out risk mitigation and compliance steps.

Internal Audit – Progress Report

During this item the Committee received the routine internal audit progress report with the following key points raised:

- 119 productive days had been delivered against a 250-day plan.
- 1 audit had been completed, 3 were in draft stage and 10 were in progress.
- No emerging issues impacted the overall assurance.
- There were 18 outstanding recommendations and 1 high priority overdue which related to cybersecurity training for Members.

Financial Compliance Report including update on Statement of Accounts

During this reporting, Members were advised that it was important that the processes put in place following the issuing of the Section 24 Statement continued via this quarterly Financial Compliance Report.

The report detailed that the Council were complying with national requirements. Local requirements had been delivered when the budget was approved on the 19th February 2025, particularly in relation to the Treasury Indicators which had continued with the delivery of the Quarter 2 Finance and Performance Report and the Treasury Report.

The key returns for Value Added Tax (VAT) and the Whole of Government Accounts (WOGA) had not been delivered to date. Significant work had been undertaken by the Council's Tax advisors Public Sector Tax, in liaison with His Majesty's Revenue and Customs, in order for the Council to return to normal VAT reporting, with final version working papers provided to

HMRC on the 19th December 2024. Monthly returns were being made from December 2024 onwards. Additional resources had been established to strengthen the finance team in relation to VAT, including a VAT accountant. Mandatory VAT training had taken place for all finance staff and would be rolled out across non finance staff within the organisation.

The WOGA had not been produced for several years and therefore required a substantial mapping exercise. It was unlikely that the Council would be able to achieve this before the Cycle 2 deadline of 3rd October 2026, however, the Council had begun work to achieve a submission over the next three months. The Tech One financial system was also being upgraded to version 25B.

The Council's position on the key closure deliverables was also presented to Members for years 2020/21, 2021/22, 2022/23 and 2024/25.

A Finance Stability Plan had been developed which covered several areas including the Tech One finance system, financial regulations and structure of the finance team:

- A review of the Tech One system had taken place which included a health check with results nearing completion and was expected to include reinstallation of certain elements of the system with suggested fixes to other areas. Any revised implementation would be completed in conjunction with Tech One and would be supported by a full in-house project team to lead on this.
- The Council was stabilising its finance team through the immediate recruitment of several interim staff which were in place to support the finance team. It was noted that a Chief Accountant had been recruited, there was now an additional Senior Finance Business Partner, and two new business partners with a third being recruited.

Key deliverables since the last meeting included:

- A Finance Stability Plan which had been developed to cover a number of areas including the Tech One system, financial regulations and structure of the finance team.
- The Quarter 2 Finance and Performance Report had been produced along with the Quarter 2 Treasury Management Report.

17th February 2026

Standards Regime – Monitoring Officers' Report

The main points highlighted in this report were as follows:

- The report included an updated list of member complaints, including historic complaints as requested by Members.
- All complaints reported at the previous meeting had been resolved.
- Two new public complaints and one new member complaint had been received; the latter remained at initial assessment stage.
- Updates were considered from the Constitution Review Working Group held on 16th September 2025 and Member Development Steering Group held on 27th January 2026.
- It was advised that the Steering Group discussed Potential WhatsApp Policy training for Members; Agreement that most 2026–27 training would be delivered remotely; and Safeguarding training was requested and dates were being arranged.

Risk Management Report/Quarterly Risk Update

The corporate risk register and key developments were as follows:

- All risks had been freshly reviewed and that more changes than usual were expected.
- Proposals for an independent audit of risk management governance would be included for the next audit year.
- LGR risks were being integrated through County level workstreams and tagged within the risk register.
- A new Power BI dashboard had been developed to give real time access to the Chair, Vice Chair, Risk Champion and Portfolio Holder.
- Staff and Member training on risk management would be arranged in the new municipal year.

The key risk changes highlighted were as follows:

- Contract management risk closed and moved to operational level.
- Cyber Security risk increased to 16, reflecting national guidance.
- Planning placed in special measures due to the quality of applications, moved to amber due to increased overturned decisions with risk score of 8.
- Customer Interface Project closed due to LGR context.
- Food waste implementation risk increased following Wyre Forest's withdrawal from joint procurement.
- LGR risk updated with strengthened mitigations and residual risk remained at 12.
- The Section 151 Officer risk retained until permanent recruitment had been completed.

Internal Audit – Progress Report

The main points were considered below:

- There was strong progress in delivering the audit plan, with 188 of 250 days completed by 23rd January 2026.
- Five audits were completed with four since the last meeting.
- Payroll received Substantial Assurance.
- General Ledger received Limited Assurance due to delays in reconciliations relating to historic system implementation issues.
- Health and Safety received Limited Assurance with significant issues in induction training and risk assessment completion.
- Transparency Code Audit gave Reasonable Assurance.
- There was an outstanding High-Risk recommendation for Member Cyber Security Training. It was noted that only one Member remained outstanding.
- Audit Planning for 2026/27 was underway.

Financial Compliance Reporting including Update on Statement of Accounts

The key points are summarised below:

- Value Added Tax (VAT) returns were being restored following extensive work with tax advisors.
- Whole of Government Accounts (WOGA) required remapping, with work scheduled for 2026–27.
- A cash receipting reinstatement project was underway.
- Significant progress was achieved since the Section 24 Notice.

Also during discussions, the Section 151 Officer suggested that a recommendation should be reviewed by the Committee given the external auditors views and opinion remained outstanding therefore the committee could not be fully assured for the auditing of the 2023/24 and 2024/25 accounts. Following discussions the Chairman suggested, and the Board agreed that the recommendation should be deferred until an in-camera session with EY and the Internal Auditor could be arranged. In conclusion the Committee did confirm assurance on progress made against the Section 24 Notice as a suggested alternative recommendation.

Capital Strategy 2026/27 including Treasury Management Strategy

A high-level overview of capital expenditure, borrowing levels, prudential indicators and treasury risk management was provided by the Finance Manager.

Review of Accounting Policies

During this meeting Members were updated on the accounting policies and advised that no changes were required by the accounting policies for 2025/26. The Section 151 Officer assured Members that the policies continued to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) code and International Financial Reporting Standards (IFRS).

16th April 2026

The last meeting of Audit, Standards and Governance Committee in the 2025-26 municipal year at which this Annual Report will be presented. Items considered at this meeting included:

- Standards Regime – Monitoring Officer’s Report
- Update on progress made to resolve outstanding VAT position
- External Audit Backstop Report
- Internal Audit Progress Report
- Risk Management Report/Corporate Risk Register
- Risk Champion Update
- Financial Compliance Report including update on Statements of Accounts
- Whistleblowing Policy Update
- Annual Audit, Standards and Governance Committee Report 2025/26

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