

AUDIT AND GOVERNANCE COMMITTEE

23rd November 2020

- Present:** Councillor Alan Amos in the Chair
Councillors Agar, Barnes (Vice-Chairman), Hassan, S. Hodgson, Laurenson and Roberts
- Officers:** Shane Flynn, Corporate Director – Finance and Resources
Sian Stroud, Deputy Director – Governance
Mark Baldwin, Head of Finance
Andy Bromage, Head of Internal Audit Shared Service
- Also _____ in Attendance** Hassan Rohimun and Natalie Ryan, Ernst & Young

13 Declarations of Interest

The following declaration of interest was made:

Councillor Agar – External Audit Report, Letter of Representation and Statement of Accounts (Minute No 16) – As a member of Worcestershire County Council Pension Board.

14 Public Participation

None.

15 Minutes

RESOLVED: That the Minutes of the meeting held on 29th July 2020 be approved as a correct record and signed remotely by the Chairman.

16 External Audit Report, Letter of Representation and Statement of Accounts

The Committee considered a report on the External Audit Report, Letter of Representation and Statement of Accounts 2019/20.

The Head of Finance, in presenting the report, stated that the reporting deadline for the accounts had been revised and extended to November, due to the pandemic. He reported that Ernst and Young's work is substantially complete and they anticipated providing an unqualified audit opinion on the Statement of Accounts, and an unqualified Value for Money conclusion. The audit work identified two valuations of Council property that the auditors considered to be overstated and these were detailed in paragraph 3.2.3 of the report. It was noted that the accounts for the property at Bromyard Road had not been adjusted and this has been noted in the audit report as an unadjusted difference.

Mr Hassan Rohimun, representing Ernst & Young LLP, External Auditors, presented the External Audit Report to the Committee, Appendix 1 of the agenda item. The report covers the key issues arising from the Audit of the Statement of Accounts and the Value for Money conclusion. Mr Rohimun presented the report in sections identifying the key aspects and allowing members the opportunity to ask questions on each section.

Mr Rohimun proceeded to present the rest of the report and appendices and responded to Members questions accordingly, in particular the following sections of the report:

- Section 8 – Data Analytics – use of graphs for improvement measures and time management, how can these be followed up in the future. The Corporate Director – Finance and Resources agreed to work with the External Auditors to see how the findings can be explored. A meeting to be arranged by the External Auditor with the Corporate Director – Finance and Resources.
- Section 9 – Independence – an explanation of the Redman Review was requested (which was highlighted in Appendix C). The External Auditor stated that the impact of the Redman Review would need a separate meeting as there were a number of recommendations made and suggested a separate meeting to present this to Members. The Chairman asked that this be presented by the External Auditors at a future meeting.

The Head of Finance presented the Letter of Representation, Appendix 2. Members had no comments on the letter and agreed the letter would be signed in good faith.

The Head of Finance presented the Statements of Accounts 2019/20, Appendix 3 and responded to questions from Members.

In response to a query on employee benefits expenses, the Head of Finance agreed to provide a breakdown of the figures for 2018/19 and 2019/20 to explain the increase in the figures and circulate to the Committee. He did state however that the increases were probably due to services now provided by the Council which were previously provided by a third party.

Reference was made to the pensions fund and climate change and the impact the McCloud judgement will have on an increase in pension liabilities. In response the Corporate Director – Finance stated that he was conscious of the impact of global climate on investments and has taken into account the potential impact of the McCloud judgement in the forthcoming budgets. He informed Members that regular updates are received on the County Pension Fund and how they are responding to climate change and would provide information at a future Committee meeting.

RESOLVED: That the Committee:

- 1. note the findings, recommendations and responses in the external auditor's report 'Audit Results Report – ISA (UK and Ireland) 260 for the year ended 31 March 2020'.**

2. reviews the proposed 'Letter of Representation' and endorses the content and recommends approval by the Council's statutory officers.
3. note the draft audited 'Statement of Accounts' and recommends its formal adoption.

17 Audit and Governance Committee Annual Report

The Committee considered the Audit and Governance Committee Annual report 2019/20, which was attached as Appendix 1 for consideration.

The Annual report shows how the Audit and Governance Committee has successfully achieved its objectives over the last year and had made a positive contribution to the Council's overall governance and control environment.

The Deputy Director – Governance presented the report and summarised the key points. In conclusion the report states that the exceptional circumstances of 2020 had not prevented the Committee from discharging its responsibilities and the Council has still achieved an unqualified audit opinion, but the ongoing impact of the Covid-19 pandemic on the Council's financial position as well as its governance and control environment will be a key focus for the Committee in the year ahead.

RESOLVED: That the Committee:

1. approve the Audit and Governance Committee Annual Report for 2019/20; and
2. recommend to full Council for information.

18 Internal Audit Progress Report 2020/21

The Committee considered an update on Internal Audit's progress towards meeting its objectives as set out in the audit plan for 2020/21.

The Head of Internal Audit Shared Service presented the report and highlighted the key points within the report and appendices.

The Committee were informed that the Property Investment audit had now been finalised since the last meeting and the report is contained in Appendix 3. The Car Parking audit, has since the agenda was published, also been finalised. ICT and Treasury Management were now in draft stages. As work on the audits are classed as ongoing or awaiting a management response a final 'Assurance' level will be assigned on completion along with the appropriate report to the next available Committee.

RESOLVED: That the Committee note the report.

19 Any Other Business

None.

20 Item Involving the Disclosure of Exempt Information

RESOLVED: That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of information as defined in Schedule 12A of the said Act.

21 Minutes (Exempt)

RESOLVED: That the minutes (exempt item) of the meeting held on 29th July 2020 be approved as a correct record and signed remotely by the Chairman.

Duration of the meeting: 7.00p.m. to 8.33p.m.

Chairman at the meeting on
24th March 2021