

AUDIT AND GOVERNANCE COMMITTEE

5th July 2023

Present: Councillor Piotrowski in the Chair
Councillors Cleary, Cookson, Jagger, Lamb and Pingree

Officers: Shane Flynn, Corporate Director – Finance and Resources
Sian Stroud, Corporate Director – Planning and Governance
Helen Tiffney, Internal Audit Shared Services Team Leader

Apologies: Councillor Amos

32 Declarations of Interest

None.

33 Public Participation

None.

34 Minutes

RESOLVED: That the minutes of the meeting held on 22nd March 2023 be approved as a correct record and signed by the Chairman.

35 Annual Governance Statement 2022/23

The Committee considered a report on the Annual Governance Statement 2022/23.

The Council's governance arrangements have been reviewed and an Annual Governance Statement (AGS) has been drafted and attached as Appendix 1 to the report.

Overall, the Council's assessment of its governance is positive. The ongoing delay in publication of the external audit opinion is noted as a significant concern.

A new governance matter raised by Members for consideration in this year's Annual Governance Statement relates to councillor attendance at meetings, paragraph 2.6 of the cover report explained this in more detail. The Committee was invited to consider adding this information to the Council's webpages, in the Council and Democracy section. A brief reference to this has been added into the Annual Governance Statement. The overall attendance rate for councillors across all required meetings, is 89%.

The Committee welcomed the publication of data on the Council's website about councillors' attendance at meetings and it was noted that it would be for Group Leaders to encourage attendance of their members at meetings.

The Corporate Director – Planning and Governance presented the report and drew the Committee's attention to the detailed examples of the effectiveness of the Council's corporate governance during the year 2022/23 highlighted at 3.4 – 3.39 of the report. The key points were highlighted.

The last part of the statement set out the significant governance issues which have been addressed during the year or require attention in the next year and the priority areas for governance identified in 2022/23.

Once approved, the AGS will be signed by the Joint Leader of the Council and the Managing Director (Head of Paid Service) on behalf of the Council. The agreed statement will be published and will accompany the Council's Statement of Accounts when completed.

The Corporate Director – Planning and Governance responded to questions from Committee Members on detailed aspects of the report in particular paragraph 3.8 in relation to the contractual dispute with the car parking machines supplier and what reassurances could be provided, not only to members, but the public too on the new suppliers machines. Questions were also asked about the legal action being taken by the NHS Acute Trust against the three south Worcestershire district councils as highlighted in paragraph 3.9, the Corporate Director responded by saying a court hearing was to take place later in the month but did not know for definite. It was confirmed that the Planning Committee would be the first to hear of the outcome, details of which would also be presented in their Annual Report.

RESOLVED: That the Committee approves the Annual Governance Statement 2022/23 at Appendix 1 for sign off by the Joint Leaders of the Council and the Managing Director for inclusion in the Annual Statement of Accounts.

36 External Audit - Annual Audit Letter 2020/21

The Committee considered a report on the Annual Audit Letter (AAL) for 2020/21.

The AAL summarises the key messages from the work of the External Auditors (Ernst Young) carried out for the City Council for the year ended 31st March 2020/21. The AAL was attached as Appendix 1 to the report. The AAL summarised the key findings arising from the External Auditor's work which were highlighted at paragraph 2.2 of the report.

The Corporate Director – Finance and Resources presented the report and responded to questions from Committee Members relating to detailed aspects of the AAL.

He explained for the benefit of new Members the reason for the delay of the external audit work programme, which was now significantly behind the Council's annual reporting cycle.

He also clarified the lengthy process of how the External Audit Fees of £39,362 for 2020/21 were arrived at and the involvement of the Public Sector Audit Appointments (PSAA) who approve the fees when there is a dispute.

In response to a question relating to the County Council and the support no longer required from the city for running of libraries, it was asked what had happened to the £160k. The Corporate Director responded saying that he could not answer why the money was no longer required as that is a question for the County Council who have a statutory responsibility for the service, but explained that the money had been set aside and was in reserves.

The Corporate Director also responded to a question on risk management and financial resilience and what the process was for dealing with adjustments in risk levels.

RESOLVED: That the Committee note the details of the Annual Audit Letter (AAL) for 2020/21.

37 Internal Audit 2022/23 Annual Report including the Audit Opinion and Commentary

The Committee received a report on the Internal Audit 2022/23 annual report including the audit opinion and commentary.

The Internal Audit Shared Services Team Leader presented the report and summarised the main points.

The Committee's attention was drawn to the appendices attached to the report, in particular appendix 4 which set out a summary of all the audits completed for 2022/23 which formed the overall audit opinion. The key message was in appendix 5, the Commentary and Audit Opinion 2022/23 whereby the Head of Internal Audit Shared Service had concluded, based on the audits performed in accordance with the revised audit plan, that the internal control arrangements for 2022/23 managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate purposes have been met. A copy of the Internal Audit Charter was attached as appendix 6 for Committee Members information.

The Committee Members attention was drawn to paragraph 3.27 of the report related to anti-fraud and corruption. Although considered immaterial in value, there was a £30k external fraud identified, investigated, and reported during the year regarding the High Street Fund Grant. Since the incident, there had been a review and change of process to reduce the risk of a potential repeat. Further details were provided for Committee Members in exempt appendix 7. This was not for publication as it contained information in relation to criminal activity.

RESOLVED: That the Committee note the contents of the report.

38 Any Other Business

None.

39 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 they involve the likely disclosure of information as defined in Schedule 12A of the said Act.

40 Internal Audit 2022/23 Annual Report including the Audit Opinion and Commentary

The Committee considered Appendix 7 referenced in paragraph 3.27 of the main report. The appendix was classed as exempt as the information was in relation to criminal activity.

The Committee Members noted the contents of the exempt appendix.

Duration of the meeting: 7.00p.m. to 8.10p.m.

Chairman at the meeting on
20th September 2023