

AUDIT AND GOVERNANCE COMMITTEE

20th March 2024

Present: Councillor Alan Amos in the Chair

**Councillors Cleary, Cookson, Jagger, Lamb,
Pingree and Piotrowski (Vice-Chair)**

Also in Attendance:

Councillor Cooper

Officers:

**Shane Flynn, Corporate Director – Finance
and Resources**

**Sian Stroud, Corporate Director – Planning
and Governance**

Mark Baldwin, Head of Finance

**Chris Green, Head of Internal Audit Shared
Services**

**Martha Charima, External Auditor, Azets
(remotely)**

**Chris Brown, External Auditor, Azets
(remotely)**

54 Declarations of Interest

Councillor Jagger informed the Committee that she had previously assisted in the preparation of a submission in connection with the Scala Theatre agenda item, but no longer had any involvement or any financial interest in the project.

55 Public Participation

None.

56 Minutes

RESOLVED: That the minutes of the meeting held on 6th December 2023 be approved as a correct record and signed by the Chairman.

57 Hire of the Guildhall

Prior to the presentation of the item, Councillor Cooper addressed the Committee as a non-member with the consent of the Chairman. She relayed her experience on a visit to the Guildhall in a personal capacity at the time of the Christmas Fayre, when the building had been hired by a Political Party for a Christmas fundraising event. Due to the lack of signage to show the name of the organisers she felt the arrangements were not fair or transparent. She urged the Committee to take her points into account when reviewing the policy.

The Committee then proceeded to consider the report on the Hire of the Guildhall, which was presented by the Corporate Director – Planning and Governance and the Democratic and Civic Services Manager.

The purpose of the report was to consider some changes to the Council's existing Policy on hiring the Guildhall, and to review the terms of hiring by political groups represented on the City Council.

The current Guildhall Charging Policy was agreed in November 2019 and was due for a review. The policy set out the criteria for determining the level of charge to be made for the hire of the rooms at the Guildhall and made a distinction between certain bookings as outlined in paragraph 2.2 of the report. The report also identified what events and functions were considered to be suitable for the hire of an historic civic building. The Policy also addressed the hire of the Guildhall by political groups.

A revised Policy was attached as Appendix 1 to the report. Some amendments had been made to Section 4 to reflect those organisations or events which the Council had agreed will not be subject to charge. The only other changes were typographical, and the addition of a new section 1.

In the ensuing discussion the following main points were made:

- The Chairman asked for his thanks to the Guildhall staff who deal with Guildhall bookings to be recorded. He highlighted the helpful manner in which they undertake their work.
- The Chairman asked if paragraph 1.7 of the Policy can be reconsidered as there is no right of appeal in the event that the Managing Director refuses a booking. He felt the approach should be softer and an alternative form of wording would be more acceptable.
- Officers advised that including university graduation processions in the list of non-chargeable hirings will be reviewed.
- The Corporate Director clarified that reference to "a political group" means a political group that has been formed at Worcester City Council.
- An amendment was proposed that the content of the report be referred to the Personnel and General Purposes Committee to investigate whether the impartiality rules governing the implementation of the policy have been upheld. Upon being put to the vote, the amendment was lost.

The Committee proceeded to vote on the recommendation to adopt the revised Policy, which includes ceasing the 50% discount for Political Groups making Christmas Fayre bookings.

RESOLVED: That the Committee agree to recommend to Council:

- 1. the adoption of the preferred option, as set out in section 3 of the report; and**
- 2. to agree to the changes to the existing policy, as outlined in Appendix 1 attached to the report, and to further amendments as outlined above, so that it becomes a Guildhall Hiring Policy and will be subject to periodic review by the Policy and Resources Committee.**

58 External Audit Plan 2023/24

The Committee received the External Audit Plan for 2023/24.

Azets, the newly appointed independent external auditors, had submitted their Audit Plan which was attached as Appendix 1 to the cover report. The plan outlined their proposed approach to planning and delivering their audit and the fees for the 2023/24 financial year.

The Head of Finance presented the information as set out in the cover report and then handed over to Chris Brown and Martha Charima, the External Auditors, who joined the meeting remotely. They went through the Plan with Committee Members.

The Chairman gave thanks to the External Auditors for a comprehensive Plan and looked forward to working with them in the future.

RESOLVED: That the Committee note the External Auditor's Audit Plan for 2023/24.

59 External Audit Update - 2021/22 and 2022/23

The Head of Finance presented this item and provided a verbal update for Committee Members on the External Audit for 2021/22 and 2022/23. He explained that a representative from Ernst Young had been expected to attend the meeting to provide a report. Some work had been done by them, but a Government decision on whether outstanding audit work must be completed in the light of the severe backlog post-Covid is still awaited.

The Corporate Director – Finance and Resources explained that the proposal is that the External Auditors will carry out sufficient work to be able to review the Accounts, but will not do any testing. This disclaimer opinion will rest on the accounts for the two years in question.

A Value for Money opinion is meanwhile close to completion. There is currently no clarity regarding the External Audit fee.

The Corporate Director responded to questions from Committee Members.

RESOLVED: That the Committee note the External Audit update for 2021/22 and 2022/23.

60 Internal Audit Progress Report 2023/24

The Committee received the Internal Audit Progress report for 2023/24. The Head of Internal Audit Shared Service presented the report and appendices, summarising the main points.

It was reported that five 2022/23 audit reports had been finalised since the last progress report, as set out in paragraph 4.1 of the report, and ten audits had commenced and were currently at planning, work in progress, fieldwork complete or draft report stage. These were set out on paragraph 5.1 of the report.

There were no 2023/24 assignments which have not been started and Officers are confident that the remaining work for 2023/24 will be completed by the time the Annual Report is submitted in July. An external quality assessment of the service will be carried out shortly and this will also be reported to the Committee.

The Head of Service responded to questions and comments from Committee Members.

In response to a question about looking at value for money from use of consultancies, the Head of Service stated he was aware this had been raised and this will be included in the Plan for 2024/25. Members were invited to submit any proposals for areas to include in the Plan by the end of April.

RESOLVED: That the Committee note the Internal Audit progress report for 2023/24.

61 Scala and Corn Exchange Project Review

The Committee considered the detailed review of the Scala/Corn Exchange project. The Corporate Director – Finance and Resources presented the report and explained that the report had addressed the key questions raised at the last meeting, as well as specific questions raised by Councillor Jagger. The findings related specifically to the period before July 2023, when the decision was taken to follow an alternative approach.

The Corporate Director responded to questions and comments from Committee Members.

The main issue raised was the perceived lack of scrutiny of large capital projects by a wider number of Members. The Chairman highlighted that a significant amount of public funds has been spent to date without any tangible outcome and further questions may be asked as the project progresses. The Corporate Director emphasised that the spend to date included the acquisition of the buildings.

The Corporate Director – Planning and Governance advised that the Committee could agree to make a statement about this to the next Council meeting on 26 March. Committee members expressed support for this approach and agreed that the wording of such statement should be drafted by the Corporate Director – Planning and Governance in consultation with the Chairman and Vice-Chair.

RESOLVED: That the Committee note the detailed review of the Scala/Corn Exchange Project and recommend to Council that in any review of governance arrangements that may be conducted after the May elections, the arrangements for the oversight and scrutiny of all major projects, should be considered and best practice external advice should be followed.

62 Best Value Assurance Report

The Committee considered the Best Value Assurance report.

At its meeting of 20th September 2023, the Committee asked the Council's Section 151 Officer and Monitoring Officer for more information about the circumstances in which local authorities' issued Section 114 notices and became involved in Best Value interventions from the Secretary of State.

Following the subsequent discussion, at the meeting of 6th December, it was resolved that the Committee should receive a regular report designed to provide assurance that the Council is not reaching a position where the risk of intervention is increasing significantly. The proposed content of this was set out within the report.

The Corporate Director – Finance and Resources, presented the report and explained that it will be the intention to produce a regular report to Committee. The Committee can then consider a more detailed review of the operation of a specific process if it is considered necessary.

The current published Oflog indicators were shown in Appendix 2. The Policy Committees will determine the best approach to bringing together a corporate report against the Oflog indicators. The outcome of the exercise will be considered at the May/June round of committees.

The Committee were asked to consider whether the suite of outputs identified in Appendix 1 were sufficient for the purposes of gaining assurance against the seven key Best Value areas and to identify other information sources which may provide further assurance. The Committee were also asked to consider whether the operation of specific processes would make good topics for future Member briefings and training events.

Committee members expressed support for the methodology proposed in the report and the suite of outputs.

RESOLVED: That the Committee note the proposed methodology for reporting against the Government's Best Value Interventions proposal and endorse the suite of outputs identified in Appendix 1 and agree to specific processes for future Member briefings and training events.

63 Any Other Business

None.

Duration of the meeting: 7.00p.m. to 9.29p.m.

Chairman at the meeting on
10th July 2024