

Corporate Governance and Audit Committee

Monday, 24th June, 2024

PRESENT: Councillor M France-Mir in the Chair
Councillors C Hart-Brooke, K Bruce,
R Chesterfield, J Garvani and S Seary

INDEPENDENT MEMBER: L Wild

1 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

2 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

3 Late Items

There were no late items.

4 Declaration of Interests

There were no declarations of interests made at the meeting.

5 Apologies for Absence

Apologies for absence were received on behalf of Cllrs Dowson and Robinson.

6 Minutes of the Previous Meeting - 18th March 2024

RESOLVED – That the minutes of the previous meeting held on 18th March 2024, be approved as a correct record.

7 Matters Arising From The Minutes

In relation to Minute 79 – Internal Audit Annual Plan 2024-25

- Members had requested that the risk-based planning matrix and the potential to view the risk universe be shared with Members. This had been shared with Members on 21st June as requested.

In relation to Minute 80 – Annual assurance report in relation to employment policies and employee conduct

- Information had been requested in relation to the RAG rating and rolling programme of the review of HR policies and procedures. It was confirmed by the Head of HR that this would be reported to the relevant Scrutiny Board at a future meeting this year.
- Information regarding benchmarking against the employee responses to the employment survey. This is currently being looked at by HR colleagues as there are certain permissions required to share the information. Once approved this information will be shared with Members.

8 Internal Audit Update Report January to March 2024

The report of the Chief Officer Financial Services provided a source of assurance that the internal control environment was operating as intended through a summary of the Internal Audit & Counter Fraud activity for the period from January to March 2024. The report also highlighted the incidence of any significant control failings or weaknesses.

The Head of Finance – Internal Audit and the Senior Head of Audit, Corporate Governance and Insurance presented the report and highlighted the following points:

- The report covered the period 1st January 2024 to 31st March 2024. It was noted that this would be the last time the report would be presented in this format, as they would be reporting against the new planning methodology which was introduced in March.
- Section 3 of the report detailed the amendments that had been made to the 2023-24 plan which was approved in March 2023. The key changes were that officers had started to attend the SEND and Inclusion Programme Steering Group, whose remit includes overseeing the implementation of the recommendations from the PWC review of the education, health, and care plans. The team had also looked to undertake a review of the bank reconciliation process, but after discussions with the Chief Officer of Financial Services the scope of the review had been extended to include all reconciliations undertaken by the Exchequer Services. It was noted that this had been made a priority for the 2024-25 Plan.
- Section 4 summarised the work done in the period; it included reviews where an audit opinion had been given as well as other assurance work that had been done.
- It was noted that under the Public Sector Internal Audit Standards, that there was no requirement to provide an assurance opinion on a piece of work. However, they are required to provide a conclusion and feedback the findings.
- Section 5 provided the information on recommendation tracking. It was noted that there was an error in the table. It should have read 'total open recommendations as at the 31st March 2024' not 2023. Members were informed that during the period 19 recommendations had been closed, 13 recommendations had been raised, 64.5% of the

recommendations were not due yet. Members were advised that there were 9 recommendations where the target dates had been missed for more than 3 months. However, management in those services had confirmed that the recommendations were being progressed. It was noted that 5 of those 9 recommendations were part of follow up reviews being undertaken by the service. The team had looked at the root cause why implementation had missed the target dates and in all cases this was due to the limitation in available resources to fully complete the associated action.

- Appendix B was the Quality and Performance Report for Internal Audit, and it was noted that there had only been a small number of customer satisfaction questionnaires back. However, all had provided positive feedback. The Service was going to look at how they could get wider and more regular feedback and the outcome of this would be brought to the September meeting.
- Section 3 summarised the Quality Assurance and Improvement Plan. It was noted that the only action not implemented was the new Global Internal Audit Standards, as they were still awaiting guidance from CIPFA on how it will be translated into the public sector internal audit standards. Members were advised that the team had scheduled a session to undertake a SWOT analysis, as a starting point to see what work might be required.
- Section 4 provided information in relation to performance against planned assignments. It was noted that the service had done enough work in 2023-24 to enable them to provide their annual opinion.
- Appendix C was the Counter Fraud Update from the period January to March. Section 2 provided the number of referrals received which noted 8 new referrals against 36 received in year. It was recognised that there had been a drop in the numbers, and this could be due to housing tenancy referrals being report elsewhere, and that the service was working smarter to channel the work to the most appropriate areas, for work to be undertaken.
- Section 5 provided information in relation to the survey of internal control. The service had provided a lot of engagement with other services to raise awareness about the whistleblowing channels and communication had gone out to services about whistleblowing. The Anti-Bribery Policy had been refreshed and published.
- Appendix D provided information in relation to decision making and any urgent decisions that had been made in the reporting period. It was clarified that the information relates to 1st January – 31st March 2024.

In response to questions the Committee were provided with the following information:

- Members were advised there were no limited opinions in this reporting period and there was information in relation to the progress being made in the recommendation tracker. It was noted that the service generally allows 6 months for the implementation of recommendations before they do a follow-up review.
- Members were informed that the service will look to report on the outcomes and assurances in relation to the other audit work that they

undertake, and this will be addressed in the next updates to the Committee.

- The Committee was advised that at the start of the year a number of productive days are ring-fenced for external clients.

RESOLVED – To:

a) Receive the Internal Audit Update Report covering the period from January to March 2024 and note the work undertaken across the section (including Counter Fraud activities and assurances) during the period covered by the report.

b) Note that there have been no limitations in scope, and nothing has arisen to compromise the independence of Internal Audit during the reporting period.

c) Receive the report providing information relating to the Monitoring of Urgent Decisions covering the period January to March 2024.

9 Internal Control Framework and Assurance Map 2023-24

The report of the Chief Officer Financial Services set out a map of the assurance available as to the effectiveness of the council's arrangements for internal control which the committee can consider when presented with the Annual Governance Statement 2024 for approval.

The Corporate Governance Manager presented the report and provided the following points:

- It was noted that the Internal Control Framework and Assurance Map for 2023-24 was in line with regulations 3 and 6 of the Audit and Accounts Regulations which says that the Council is required to conduct an annual review of the effectiveness of the system for internal control in preparation of the Annual Governance Statement, which will be presented in interim form at the next Committee meeting.
- The Framework and Assurance Map showed the outcomes of the annual review, with the Framework following the seven principles as set out in the Council's Code of Corporate Governance. This shows what the service believe they do, and the Assurance Map provides evidence to support what they do, do. All the evidence was hyperlinked to allow Members access to all the documents which sit behind the Framework.
- This follows the 3 lines of assurance which are:
 - Operational – assurance from managers that are responsible for day-to-day activity.
 - Specialist's assurance – such as Legal, Information Governance and Risk
 - Independent Assurance from Internal Audit, Grant Thornton, the external auditors and includes Ofsted and other external inspections.

Responding to a question from the Committee, Members noted that it was not intentional to omit the work of the Internal Audit from the report and that the decision had been taken to avoid duplicating information already provided

elsewhere. However, when the Committee receive the Annual Governance Statement at the Committee's next meeting it would be clear that the Internal Audit opinion feeds through directly to the document as does the external audit opinion. It was recognised that a footnote could have been included.

The Chair and the Director of Strategy and Resources thanked all those who had worked on the document.

RESOLVED - To consider and note the contents of the Internal Control Framework and Assurance Map 2023-24 attached at Appendix A of this report.

10 Grant Thornton Audit Risk Assessment Enquiries 2022/23

The Head of Finance presented the report of the Chief Finance Officer, which set out a series of enquiries from Grant Thornton which will inform their audit risk assessment for the 2022/23 audit. The enquiries cover accounting issues, arrangements to address the risk of fraud, and legal issues. Grant Thornton requested that the responses to their enquiries were drafted by officers and formally considered by Members at a meeting of the Committee.

The following points were highlighted for Committee Members:

- The audit of the 2021-22 accounts had completed in March 2024.
- Grant Thornton, the external auditors were now working on the 2022-23 audit accounts, which should be completed by the end of September. It was noted that from recent figures only 54% of 2022-23 accounts had been signed off nationwide.
- Prior to the 2022-23 accounts being brought to the Committee, there would be a briefing session for Members in mid-September.
- The questions asked by Grant Thornton were a mix of technical and general questions which had been answered by officers from across the Council. Grant Thornton had requested that the responses be brought to the Committee to ensure that Members were satisfied with the answers provided.

Sarah Ironmonger and Perminder Sethi from Grant Thornton attended the meeting and explained that these were standard questions put to Council's for the auditing of accounts, so that the auditors can understand any issues from the services.

It was acknowledged that there had been a national issue in getting councils' accounts signed off, and therefore there had been a government proposal for a backstop date of the 30th September 2024 for the 2022/23 accounts, but it was now uncertain whether this would be implemented. However, Grant Thornton were working towards the accounts for 2022-23 to be signed off in September.

The Committee recognised that these responses were similar to previous years and that there had been no material changes to policies.

RESOLVED - To consider the responses proposed by officers to Grant Thornton's enquiries, and to confirm whether these are consistent with Members' understanding of the Council's arrangements in these areas.

11 Grant Thornton Audit Plan 2022/23

The report of the Chief Finance Officer was presented by the Deputy Chief Officer Financial Services. The report introduced Grant Thornton's Annual Audit Plan for their 2022/23 audit, covering the audit of the Council's accounts and the process for assessing its arrangements to secure value for money in the use of resources.

The Audit Plan was attached as Appendix 1 and outlined Grant Thornton's proposed audit approach, the timing of audit work, and the significant audit risks identified to date.

The Committee were provided with the following points from the external auditors:

- It was noted that this is a risk-based plan, to try and understand the risks and issues that the Council is facing including increasing cost pressures as well as the dedicated schools grant and likely deficit that might result going forward into future years.
- Members attention was drawn to page 150 of the agenda pack which summarised the headlines in the plan, with a key significant risk identified in relation to the management override of controls which is a risk that all auditors must consider.
- Two other significant risks identified were:
 - The valuation of land and buildings, which included council dwellings.
 - The net pension fund balance.
- Planning materiality for the 2022-23 audit is £28.4m. It was recognised that this was slightly higher than the prior year but picked up on the fact that the gross expenditure had moved from when the prior audit of accounts.
- The threshold for trivial issues was set at £1.4m. If Grant Thornton identify any errors above that value, they would be reported to the Committee as part of their findings.
- The external auditors in terms of work issue an opinion on the financial statements but they also undertake work on value for money arrangements. It was noted that the value for money arrangements had been report to the Committee in November 2023, but this will be kept open to make sure there are no other issues arising.
- The Committee were advised that the work was on track to complete on the 2022-23 accounts by the end of September.

The Committee had no questions.

RESOLVED - To receive the Annual Audit Plan presented by Grant Thornton and to note and agree the nature and scope of the proposed audit work.

12 Annual Report of Corporate Governance and Audit Committee

The Principal Corporate Governance Manager presented the report of the Chief Officer Financial Services which set out the draft annual report of the Corporate Governance and Audit Committee for the 2023/24 municipal year. This report will be put before full Council.

Members were informed of the following points:

- The report will provide the Council with assurance that the Corporate Governance and Audit Committee has discharged its duty in ensuring that the Committee complies with CIPFA's Position Statement: Audit Committees in Local Authorities and Policy.
- It was noted that it was thought appropriate to bring the report to the first meeting of the municipal year, so that the full years work can be included. Although, the membership of the Committee may have changed from the previous year, there are enough Members from the previous year to remember all the work that had been undertaken by the Committee.
- The report also advised Members that CIPFA Guidance had changed. The Committee were previously working with the 2018 Guidance, it was updated in 2022. It was noted that the 2022 Guidance supported by the Department for Levelling Up, Housing and Communities and the Home Office recommends that each authority's audit committee should include at least two independent members to provide appropriate technical expertise. Members were invited to consider this proposal and request officers to look into this, with a report back to the Committee in September. This would bring it in line with the reappointment of the existing independent member, should Members wish to reappoint.

There were no questions from the Committee.

RESOLVED – To:

- a) Note the assurance set out in this report that the Committee complies with CIPFA's Position Statement: Audit Committees in Local Authorities and Police;
- b) Approve the draft annual report at Appendix A to this report and authorise the chair of the committee to sign and present to council on their behalf;
- c) Propose that Linda Wild be reappointed by full council, for a second four-year term as co-opted independent member of Corporate Governance and Audit Committee; and
- d) Request officers to provide a further assessment of the role of independent co-optees on Local Government Audit Committees and to develop proposals in respect of the recruitment of a second independent member of the committee.

13 Corporate Governance and Audit Committee Work Programme and Members Development Plan 2024-25

Draft minutes to be approved at the meeting
to be held on Monday, 29th July, 2024

The report of the Director of Strategy and Resources presented the work programme for the Corporate Governance and Audit Committee for the 2024-25 municipal year, setting out future business for the Committee's agenda, together with details of when items will be presented.

The report also included the Member Development Plan for 2024-25 to provide all Members with core areas of knowledge in line with the guidance as detailed in the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committee – Practical Guidance for Local Authorities and Police 2022.

Members were invited to raise any issues that they would like to be considered by the Committee, to be brought to the meetings for consideration to be added to the work programme. They were also invited to request any areas for training and development to extend their knowledge of the work area.

Members were advised of a session given by the Chief Officer of Human Resources for managers in the Council. It was in relation to how the Council seeks to achieve the City's Ambitions and the Council's Ambitions and how this can be achieved by the organisation through the systems and processes in place in Human Resources. It was the proposal that this would be added to the Development Plan for Members and would be provided prior to receiving the report from Human Resources later in the year.

In response to a question from a member in relation to the major achievements and challenges faced over the past year and how it would shape this coming year. The Committee were provided with the following:

- The challenges with external audit and the situation in the industry to deliver audits on time. Now a plan and a timetable are in place to hopefully address the issues and to bring the audits back on track.
- The restructuring of Internal Audit had meant that many officers were new in post, and this had presented a challenge as an operating environment over the course of the year. However, officers had responded well to their new roles and responsibilities.
- Due to the restructuring of Internal Audit, given the limited resources, the Internal Audit Plan has been monitored and has had to change throughout the year. This has created a need to reprioritise and reprofile areas of work to ensure that the most meaningful work is brought to the Committee for consideration.
- It was recognised that the Council was facing challenges in relation to resource and financial issues.

The Committee Member thanked all the officers for the work that had been achieved over the past year, given the challenges that had been faced.

RESOLVED – To:

a) Consider and note the contents of the work programme and meeting dates at Appendix A, and;

b) Note the content of the Member development plan at Appendix B and progress against the plan throughout the year

14 Date and Time of Next Meeting

RESOLVED – To note the next meeting was scheduled for Monday 29th July 2024 at 10.30am.

The meeting concluded at 11:20