

Minutes of the Audit and Governance Committee

Lakeview Room, County Hall, Worcester

Friday, 26 May 2023, 2.00 pm

Present:

Cllr Nathan Desmond (Chairman), Cllr Andy Fry, Cllr Laura Gretton,
Cllr Peter Griffiths, Cllr Matt Jenkins, Cllr Dan Morehead and Cllr Emma Stokes

Available papers

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 10 March 2023 (previously circulated)

687 Apologies and Named Substitutes (Agenda item 1)

Apologies were received from Cllrs Salman Akbar and Luke Mallett.

Cllr Andy Fry substituted for Cllr Luke Mallett.

688 Declarations of Interest (Agenda item 2)

None.

689 Public Participation (Agenda item 3)

None.

690 Confirmation of Minutes (Agenda item 4)

RESOLVED that the Minutes of the meeting held on 10 March 2023 be confirmed as a correct record and signed by the Chairman.

691 External Audit - Council and Pension Fund Audit Plans and Informing the Audit Risk Assessment (Agenda item 5)

The Committee considered the External Audit - Council and Pension Fund Audit Plans and Informing the Audit Risk Assessment.

Mark Stocks, Key Audit Partner from Grant Thornton, the Council's external auditor introduced the report and commented that there were no specific risks in the Audit Plan that needed to be drawn to the Council's attention. The level of materiality for the Pension Fund had been increased but there were no issues within the Pension Fund causing concern and no difficult investments.

In the ensuing debate, the following points were made:

- Concern was expressed that the progress made by this Council towards the completion of the 2022/23 Accounts might be lost if external staffing resources were transferred into addressing the national backlog of unaudited accounts. An assurance was sought that Grant Thornton would retain a high level of focus on this Council's Accounts and ensure that their resources were not directed elsewhere. Mark Stocks responded that there was a national shortage of qualified accounts to undertake this type of work. As a result, Grant Thornton had taken the decision to reduce its audit market share. Despite there not being any additional checks, the volume of work had increased. The Grant Thornton team for the midlands region was well-resourced and he gave an assurance that the audit work for the Council would be completed albeit not necessarily by the current September deadline. Grant Thornton had been in conversation with the FRS to see how the backlog of unaudited accounts could be addressed
- In response to a request from the external auditor, the Committee agreed that the Authority's management responses to the questions raised by the external auditor in their report were consistent with its understanding and no further comments were made.

RESOLVED that the content of the external audit plans and the Informing the Audit Risk Assessment reports be noted.

692 Draft Annual Governance Statement 2022/23 (Agenda item 6)

The Committee considered the draft Annual Governance Statement (AGS) 2022/23.

Hazel Best, Assistant Director for Legal and Governance introduced the report and commented that the AGS was in draft form at this stage. An updated version of the AGS would be reported to the July Committee alongside an high level action plan. A detailed action plan would then be considered by the Committee in September. A number of core documents needed to be reviewed including the Constitution, Financial Regulations and the officer protocol. A number of these documents would require sign-off by Council.

Steph Simcox, the interim Chief Financial Officer added that nothing significant had been added to this year's AGS in comparison with last year. She gave an assurance that any issues of significance would be raised with the Committee.

In the ensuing debate, the following points were made:

- A query was raised about the governance issues identified as areas for improvement carried over from 2021/22 into 2022/23 as set out in paragraph 7 of the report. Steph Simcox indicated that these areas had been identified as manageable risks to the Council in common with most local authorities. These risks linked into the corporate risk management process as a whole. The Committee would receive an update on risk management at its next meeting in July. The responsibility for reporting on risk management had now been transferred from the finance team to the performance team
- In response to a query, Steph Simcox commented that the reviews of the Constitution and the Financial Regulations were a major pieces of work. Unfortunately the departure of the Monitoring Officer and the appointment of a new Monitoring Officer had led to a delay in the completion of this work.
- Steph Simcox explained that the Council needed to improve its risk reporting mechanisms so that relevant risks were reported at the most appropriate management/member level. In particular, the performance team would focus on the key risks that could have a material impact on the work of the Council.

RESOLVED that the draft Annual Governance Statement 2022/23 be noted.

693 Draft Annual Statutory Financial Statements for the year ended 31 March 2023 (Agenda item 7)

The Committee considered the draft Annual Statutory Financial Statements for the year ended 31 March 2023.

Steph Simcox explained that unfortunately the draft Pension Fund Accounts had not been completed in time to be available for consideration at this meeting. She anticipated that they would be available by the statutory publication deadline on 31 May 2023. There was a risk that the deadline would not be met and if that was the case, she would inform the Committee accordingly.

In the ensuing debate, the following points were made:

- Chris Bird indicated that the statutory deadline for the publication of the audited Accounts could yet slip back from the 30 September 2023 due to availability of external audit staff. The finance team would continue to work to meet the September deadline so any delay would not be due to the work undertaken by this Council. Mark Stocks commented that the Government had been informed by external audit that the September deadline was not feasible for the majority of councils in the country. If

the Government insisted on the September deadline, there would be consequences for the other work undertaken by the external audit sector

- In response to a query, Chris Bird explained that the strong financial performance of the Pension Fund had had a positive impact on the Council's revenue budget and meant that the Council did not need to call upon on its reserves as much as it had forecast or make any in year cost savings
- It was a considerable achievement for the Council to have an overspend of only £7.3m against a total net budget of £373.2m especially given the financial pressures associated with children and adult social care as well as home to school transport
- In response to a query about the cost of the rising numbers of debtors in the People Directorate, Chris Bird commented that overall debtors had increased in value from £190m last year to £219.8 this year. In particular, the total value of short-term debtors had increased by £30m. However, there would be no impact on the overall balance sheet as this money would be charged to service budgets.

RESOLVED that the draft Final Accounts Pack, including the Statement of Accounts for the financial year ended 31 March 2023 be noted.

The meeting ended at 3.15pm.

Chairman