

COUNCIL
13 JULY 2023

REPORTS OF COMMITTEES

(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE

External Audit - Council and Pension Fund Audit Plans and Informing the Audit Risk Assessment

1. Mark Stocks, Key Audit Partner from Grant Thornton presented the External Audit - Council and Pension Fund Audit Plans and Informing the Audit Risk Assessment. The Committee has noted the content of the external audit plans and the Informing the Audit Risk Assessment reports.

Draft Annual Governance Statement 2022/23

2. The Council is required, as part of its ongoing review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2022/23. The AGS will form part of the Annual Statement of Accounts and the final version will be signed by the Leader of the Council and Chief Executive.

3. The AGS assesses the effectiveness of the Council's governance arrangements by reference to the principles of good governance in accordance with the CIPFA / SoLACE Delivering Good Governance in Local Government Framework and identified areas where it is recognised that governance arrangements could be strengthened. As part of the review of the Council's effectiveness significant internal control issues affecting the Council are identified.

4. The draft AGS includes a number of governance issues as areas for improvement. These items which were included in the 2021/22 AGS and remain governance issues following review in 2022/23 and include: Serious harm or death of a child or young person; activity exceeds budget allocation; and serious harm or death of an adult with care and support needs.

5. A new Monitoring Officer joined the Council on 1 March 2023 and a new S151 Chief Finance Officer started on 19 June 2023. Together they will review last year's action plan and present a high-level action plan to the July Committee meeting. A detailed action plan would then be considered by the Committee in September. The detailed action plan will ensure that work is undertaken to deliver the areas where it is recognised that governance arrangements could be strengthened will be developed. Progress against the plan will be reported to the Committee on a quarterly basis. The Committee has noted the draft Annual Governance Statement 2022/23.

Draft Annual Statutory Financial Statements for the year ended 31 March 2023

6. The County Council is required to prepare annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015, and the 2022/23 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the Council, reflecting the Council's outturn position and year-end net asset position.

7. Following a later deadline (through the Accounts and Audit (Amendment) Regulations 2021) in recent years due to the impact of the COVID-19 pandemic, for 2022/23 accounts the statutory deadline for Local Authorities to publish their draft accounts has reverted to 31 May, with the public inspection to commence on or before the first working day of June 2023. The draft Pension Fund Accounts had not been completed in time to be available for consideration at the Committee meeting but were published along with all other elements of the statutory accounts before the statutory deadline.

8. It is anticipated that all parts of the accounts process will be completed within statutory deadlines with the audited accounts scheduled to be presented to the Committee meeting on 22 September 2023. The Committee were however informed 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. This may mean that the audited accounts will need to be reported to a later Committee.

9. The financial position reported in the Council's Statutory Accounts for 2022/23 was a net overspend of £7.3 million against the net budget of £373.2 million, with an accounting deficit of £43.1 million taking into account pension actuarial costs, capital costs and other financial adjustments. The Council's General Fund reserve balance has remained at £14.3 million, and there has been a decrease of £13.6 million on available earmarked reserves taking their balance at 31 March 2023 to £144.4 million, which includes Schools and PFI Reserves alongside other earmarked and unusable reserves.

10. The cumulative Dedicated Schools Grant deficit brought forward from last financial year was £11.3 million which will now be increased by £9.0 million deficit from 2022/23 and the deficit to carry forward into 2023/24 is now £20.3 million.

11. The Committee has noted the draft Final Accounts Pack, including the Statement of Accounts for the financial year ended 31 March 2023.

Cllr Nathan Desmond
Chairman

Contact Points

Specific Contact Points for this report
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Background Papers

In the opinion of the proper officer (in this case the Democratic Governance and Scrutiny Manager), the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Audit and Governance Committee held on 26 May 2023

[Agenda for Audit and Governance Committee on Friday, 26th May, 2023, 2.00 pm - Worcestershire County Council \(moderngov.co.uk\)](#)