

COUNCIL

9 NOVEMBER 2023

REPORTS OF COMMITTEES

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

Draft Action Plan for the Review of the Council Constitution

1. At its meeting on 21 July 2023, the Committee was advised of draft plans to review the standing orders of the Council's constitution as part of the annual governance action plan in respect of: Member/Officer Relations protocol, Contract Standing Orders, Financial Regulations, and Scheme of Assignment of Responsibility for Functions.
2. An officer working group will undertake the review. Any review of the constitution needs to be overseen by members, including the parameters of the exercise. A report will be prepared for the Committee at its meeting in March 2024 to consider any proposed amendments. The Committee will be consider a report before it is presented to the Council meeting in May 2024.
3. The Committee has noted the action plan for the review of the council constitution plan for 2023/24.

Progress on 2022/23 External Audit and 2021/22 Audit Recommendations

4. In March 2023, this Committee received the External Auditor's Annual Report for 2021-22. The report contained nine recommendations from the External Auditor for the County Council. The Committee requested and received an update on these recommendations. The Committee has noted the completed and planned work on the External Auditor's recommended actions from the 2021/22 audit.
5. Separately in March 2021, Grant Thornton (the Council's external auditor) completed an IT Audit report for Worcestershire County Council and the Pension Fund. The report included ten recommendations around overall IT Controls. Of these ten, three remained not fully implemented as at the last Committee update in March 2023. The Committee requested and received an update on the progress of actions regarding these recommendations.
6. The statutory deadline for the Council to have published fully audited accounts is 30 September 2023. The Committee has been informed previously that the deadline would not be met due to resourcing difficulties across the external audit sector. However at the March 2023 meeting of the Committee, Grant Thornton assured members that the audit would be progressed as quickly as possible. With this in mind, it is the opinion of both the External Auditors and the Council's Finance Team that the audit is currently progressing as expected. The nationwide issue of reinforced autoclave aerated concrete

(RAAC) is highly likely to result in material adjustments to the draft financial statements – due to changes in building values – and this is currently being worked through with the Council’s valuers. The Committee has noted the progress on the 2022/23 external audit.

Internal Audit Progress Report

7. The role of the Council’s Internal Audit service is to enhance and protect organisational value by providing independent assurance, advice and insight into the Council’s risk management, governance, and internal control processes.

8. The audit team are working closely with operational service managers to ensure that audit actions are undertaken. Those actions that relate to ‘limited’ assurance audits where a follow up audit is planned are transferred to the new audit.

9. There have been no fraud investigations undertaken in quarter 2 of 2023/24, Advisory work discussions have continued in quarter 2 for Adult Social Care Debt and Transport Services. This work involves challenging current work practices to improve controls and reduce potential risk. There has been an increase in the number of requests for advice received by the Internal Audit team. This has included a review of policies and providing guidance on controls.

10. A Finance Business Partner and an Audit Officer started their roles with the Council at the beginning of September and the Chief Internal Auditor will commence employment at the beginning of November. The Committee has agreed the Internal Audit progress report.

Risk Management

11. A risk management report continues to be developed using the Power BI system. The new risk register consists of 119 identified risks, with 24 designated as corporate level risks (risks for which the impact is over multiple or all directorates or the required control requires input from multiple or all directorates). Of the 24 corporate risks, eight are categorised as “Service Failure (Statutory or otherwise)”, six are categorised as “Harm / Duty of Care”, four are categorised as “Financial Impact” and four are categorised as “Reputational including scandal or corruption”. Of the 24 corporate risks, the E&I Directorate owns eight risks, the Chief Executive Unit owns six, the COaCH Directorate owns four, the People Directorate and Worcestershire Children First own three

12. Eight of the corporate risks are flagged as red, with a current risk score (impact x likelihood) of more than 20. Of the 13 corporate risks that are rated amber (score between 10 and 20), one is deteriorating. The Committee has noted the contents of the report, including the latest corporate risk report identifying corporate risks and mitigating activity.

Treasury Management Update Quarter 1 2023-24

13. In accordance with our Treasury Management Strategy and in compliance with CIPFA’s Code of Practice on Treasury Management, the Committee received a Treasury Management Quarter 1 2024-24 update. The Committee has noted the Treasury Management Update Report 2023-24.

Work Programme

14. The Committee has noted its work programme.

Cllr Nathan Desmond
Chairman

Contact Points

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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 22 September 2023

[Agenda for Audit and Governance Committee on Friday, 22nd September, 2023, 10.30 am - Worcestershire County Council \(moderngov.co.uk\)](https://www.moderngov.co.uk/2023/09/22/agenda-for-audit-and-governance-committee-on-friday-22nd-september-2023-10.30-am-worcestershire-county-council/)