

COUNCIL

11 JANUARY 2024

REPORTS OF COMMITTEES

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

External Audit Findings Report 2022/23 (including Pension Fund)

1. Mark Stocks, Key Audit Partner and Terry Tobin, Senior Audit Manager from Grant Thornton, the Council's external auditor, presented the External Audit – Findings Report for the Worcestershire County Council Statutory Accounts and Worcestershire County Council Pension Fund Accounts 2022/23.
2. The Audit Findings Report highlights the national audit backlog and the resulting impact of significant delays in the completion of audit work and the issuing of audit opinions across the local government sector and the risk of increased borrowing by local authorities.
3. The statutory deadline for publication of 2022/23 Local Authority Audited Accounts is 30 September 2023. As previously noted by Committee, this deadline was not achievable for Worcestershire due to resourcing issues across the external audit sector. The national backlog has resulted in just 1% of Councils in England meeting the deadline for 2022/23.
4. Grant Thornton has concluded that the audit work to date has not identified any material errors or adjustments to the financial statements and Grant Thornton expect to issue an unqualified audit opinion following the Committee meeting on 1 December 2023
5. The Committee noted the Audit Findings Reports 2022/23 for Worcestershire County Council and Worcestershire Pension Fund. The Committee agreed that there are no issues arising from the Report to draw to the attention of the Council.

Update on Annual Statutory Financial Statements for the year ended 31 March 2023

6. The draft Accounts were presented to the Committee in May 2023, in line with the statutory deadline. Due to the resourcing issues for Local Government Audit, the final sign off and publication of Audited Accounts has not been achievable before the statutory deadline of 30 September 2023.
7. The audit remains ongoing and the Committee were informed of a number of changes to the version of the statutory financial statements that was approved by this Committee in May 2023 following the external audit process.

8. The Committee noted the listed amendments from the Draft Accounts Pack published in May 2023. The Committee has authorised the Chairman, in consultation with the Vice-Chairman of the Committee and the Chief Financial Officer to approve the Final Accounts Pack, including the Statement of Accounts for the financial year ended 31 March 2023, at a later date subject to receipt of the Audit Opinion. If this could not be followed through, the Committee has agreed that a special meeting of the Committee be convened to sign off the Statement of Accounts.

9. The Committee has authorised the Chief Financial Officer to sign the Letters of Representation on behalf of the County Council.

Internal Audit Progress Report

10. Internal Audit has continued to make reasonable progress against the 2023/24 audit plan during quarter 3 with several reviews now close to completion with a draft report being issued or most of the review work completed as the 'field work' is complete. The outcome of these reviews will be reported to Committee in due course on completion.

11. Internal Audit are working closely with operational service managers to ensure that audit actions are undertaken. For actions relating to 'limited' assurance audits where a follow up audit is planned, actions are transferred to the new audit.

12. Internal Audit is currently undertaking a fraud investigation. This work has taken priority over routine fraud review work due to its nature. The impact of the reprioritisation will see an existing review being rescheduled for completion in quarter 4. The overall impact of the additional investigatory work on the 2023/24 Audit Plan will be minimal.

13. The Chief Internal Auditor commenced work on the 6 November 2023, and is in the process of developing an Internal Audit service vision and service plan which will span 3 financial years including the remainder of 2023/24. The team now has a full establishment of 8 full time equivalent staff.

14. The Committee has agreed the Internal Audit progress report.

Risk Management

15. The risk register consists of 124 identified risks, with 26 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 26 corporate risks, eight are categorised as "Service Failure (Statutory or otherwise)", eight are categorised as "Harm / Duty of Care", four are categorised as "Financial Impact", four are categorised as "Reputational including scandal or corruption", two are categorised as "Breach of law / legislation". Of the 26 corporate risks Economy and Infrastructure Directorate (E&I) and the Chief Executive Unit (CEU) own eight risks each, Commercial and Change Directorate (COaCH) owns four, People Directorate and WCF each own three.

16. Nine of the corporate risks are flagged as red, with a current risk score (impact x likelihood) of more than 20. Of the 14 corporate risks that are rated amber (score between 10 and 20), one is deteriorating. The Committee has noted the contents of the risk management report, including the latest corporate risk report identifying corporate risks and mitigating activity.

Treasury Management Update Quarter 2 2023-24

17. 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 Quarterly update. The Committee has noted the Treasury Management Update to the end of September 2023 Report 2023-24.

Work Programme

18. The Committee has noted its work programme.

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 1 December 2023

[Agenda for Audit and Governance Committee on Friday, 1st December, 2023, 10.30 am - Worcestershire County Council \(moderngov.co.uk\)](#)