



Minutes of a meeting of Audit and Governance Committee held on Tuesday, 25 July 2023.

Councillors present:

Nigel Robbins	Clare Muir
Helene Mansilla	Chris Twells
Patrick Coleman	Len Wilkins

Officers present:

David Stanley, Deputy Chief Executive and Chief Finance Officer	Michelle Burge, Chief Accountant
Caleb Harris, Senior Democratic Services Officer	Lucy Cater, Assistant Director (SWAP)
Pete Barber, Grant Thornton LLP	

Observers:

Councillors Mike Evely and Angus Jenkinson

205 Apologies

The meeting began at 17:15

There were no apologies received.

206 Substitute Members

There were none.

207 Declarations of Interest

There were no declarations of interest from Councillors or Officers present.

208 Minutes

The Senior Democratic Services Officer noted that Councillor Evely was missing as an observer for the meeting, and would therefore be added.

The minutes were taken as read.

RESOLVED: That the minutes of 27th April 2023 be considered as a correct and accurate record.

209 Public Questions

There were no public questions.

210 Member Questions

There were no Member Questions

211 Internal Audit Annual Opinion

The Chair invited the Assistant Director of SWAP Internal Audit , Lucy Cater, to introduce.

The Assistant Director of SWAP introduced the 22/23 Annual Opinion and the following points were highlighted:

- The report highlighted on page 16 the comparison with the 21/22 report.
- It was noted on page 22 the significant corporate risks that require action, which come to the Committee on a regular basis and to the Deputy Chief Executive.
- It was highlighted on page 28, which was a summary of the audit plan, the audits conducted and the number of agreed actions.

It was noted that page 35 mentioned the recovery of housing benefit payments and invoices not being raised. It was noted by Mandy Fathers that recovery stopped during Covid-19 in addition to the Civica system and that other areas did take priority. It was further noted that technical delays had caused problems, but there was assurance given that recovery had started. It was noted that out of 458 accounts 308 (67%) of these had been invoiced. £283,000 of the total debt had been invoiced and this work should be completed by September. It was noted that any new debt had been invoiced.

The Deputy Chief Executive highlighted that the lack of invoicing was not acceptable. It was outlined that a lessons learnt exercise was being undertaken by the Internal Audit team following this issue. It was outlined that all councils did stop recovery due to Court Procedures being halted, but the recommencement of debt recovery wasn't as timely as it should have been.

The Committee commented on the cash flow monitoring and whether monthly meetings were better than quarterly. The Deputy Chief Executive highlighted the detailed model that Publica provides. The quarterly meetings were more strategic with Arlingclose to examine longer term options, and there were daily officer meetings to ensure the Council met cash requirements.

The Chair asked about recommendation 4 from 2021/22 report and the need for a liquidity indicator. The Deputy Chief Executive noted that the Council had not set what the minimum level of liquid cash is on a daily basis as picked up in this report and in the external auditors' report. It was noted that with the Council's finances tightening in the medium term, it would be desirable to set a realistic indicator for minimum cash requirements. This would be followed up in subsequent reports.

Councillor Angus Jenkinson as an observer member noted that a system map was not available for the technical and operational systems and a process map. The Deputy Chief Executive

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noted the performance indicators in the quarterly service performance reports demonstrated how well services were being delivered. It was noted that regularity audits were being done to build up a process map where there were gaps.

The Committee asked about the communication of billing for Council Tax and how this can be done to avoid anxiety amongst residents. The Business Manager for Environmental, Welfare and Revenue Services reiterated that the calculations would be provided in the invoices. It was also noted that support was available such as payment schedules and Council Tax support which residents could use to facilitate the payment.

In response to a supplementary question regarding the amounts, it was also outlined by the Business Manager that some of the amounts could be quite high, but the average amount tended to be in hundreds of pounds but it depended on the individual circumstances.

The Chair invited the Assistant Director of SWAP to comment on the Wellbeing Support report in the light of the public reaction to the 'Diddly Squat' Farm application involving Publica colleagues. The Assistant Director of SWAP noted that there would be implications for Publica officers across all of the partner councils. It was noted that the report was created to see how the Council responded to events like this and how officers were supported.

The Chair thanked officers for their contributions to this item.

RESOLVED: The Committee NOTED the report.

212 External Auditors Annual Report 2021/22

The Chair invited Pete Barber as the External Auditor from Grant Thornton to introduce the report.

It was outlined how various factors had impacted all councils such as the inflationary increases. It was noted how financial sustainability was crucial for the council when it operates in an uncertain environment.

It was also noted how the governance arrangements are also considered by Grant Thornton. This examined how decisions are made in the Council and any risks are managed.

The Committee noted in Appendix C how the different types of recommendations can arise from Value for Money work.

It was highlighted how statutory recommendations issued to other councils due to concerns over service delivery did not apply to this Council.

It was noted that the Council does have arrangements to ensure Value For Money and there were no key recommendations noted for this.

It was noted that 2021/22 was a year where the Council did deliver against its targets, but that this was a year that had government grants which assisted.

The withdrawal of the Recovery Investment Strategy in 2022 was mentioned as a good governance decision in light of the worsening financial situation. The establishment of the

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Cabinet Transformation Working Group was also key to ensuring financial sustainability. However further officer and member challenge was needed to maintain financial sustainability.

In regards to governance, the capacity of the financial team was mentioned as a concern in the report. It was noted that in 2021/22, the team was under pressure to deliver the financial audits.

The Peer Review exercise in 2022 was crucial as a way of providing a direction for oversight of areas of improvement. It was highlighted that communication with Publica and other stakeholders was important to build upon this work.

The Committee asked about the Code of Conduct between Publica staff and those retained staff by the Council and any differences. The Deputy Chief Executive highlighted that there were some minor differences but there was a recommendation that the Code of Conduct needed to be updated for retained staff.

Councillor Jenkinson as an observer member asked about the term Value for Money and how it was used, and the extent to which information flows through the organisation to manage risk. Pete Barber said that the Value for Money definition is outlined by the Audit Office's guidance. In terms of risk and performance management, it was noted that Grant Thornton's report examines how the Council manages risks through the information to decision makers.

It was noted that some of the actions were completed, but that some of them like the workforce strategy were perhaps a bit more difficult to deliver. It was asked if there was a timeline for completion. The Deputy Chief Executive noted the AGRESSO Business World recommendation is in regards to optimising the system so that the Council's data and Publica's data could be more streamlined. On workforce planning, Publica was developing a workforce strategy to pick up succession planning and future needs.

The Deputy Leader and Cabinet Member for Finance commented that expectation is that retained officers have an action plan to follow-through with Publica. On the report's recommendations around financial sustainability, it was noted that resourcing for the finance team was being looked at. The Deputy Leader also highlighted that the Cabinet Transformation Working Group was focussed on the 2023/24 budget and delivering the savings against the projections.

It was also noted by the Deputy Leader that the immediate focus was around the financial sustainability of the Council, and delivering the savings required.

Pete Barber noted an update that all areas bar one have been concluded and that an update on trianevaultation had been undertaken.

It was estimated that the 21/22 accounts could be signed in the next 2 weeks.

The Deputy Chief Executive noted that the circulation of the adjustments to the 2021/22 statement would be published online. It was also noted that there was a delegation from April's meeting to the Deputy Chief Executive and the Chair to approve the final accounts for 2021/22. This would then enable work to commence on the 2022/23 accounts.

The Committee re-confirmed the delegated authority given at April's meeting.

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RESOLVED: That the Committee note the report and confirm receipt of the pension liabilities update circulated within the meeting.

213 Draft Annual Governance Statement

The draft governance statement was introduced by the Deputy Chief Executive.

It was highlighted this was a draft statement looking to the year 2022/23

It was highlighted that the report sets out good practices of governance and how the Council is demonstrating compliance against these principles.

The following points were highlighted:

- Pages 105 to 110 were noted with the 2022/23 Action Plan statement and how the Council has scored against it. There was an Action Plan on page 109 against current issues and showing action taken.
- There was also a follow up on the contract procedure rules update endorsed by Cabinet and Council.

It was noted that there were some suggested corrections including references to the now 'Audit and Governance Committee' instead of 'Audit Committee' and there was also reference to page 99 and the need for clarity on the protocol regarding the Planning and Licensing Committee's Review Panel. This was in light of a review which was being undertaken. The Director of Governance and Development noted that the paragraph would be expanded upon to show this. The Deputy Chief Executive noted that a line in the front of the document explaining the name change may be more appropriate given this was looking at the year 2022/23.

There were questions by the Committee on Emergency Planning and how this is prioritised. The Director of Governance and Development noted that these were topical to what the Council would be facing at the time but these are kept under review. The example of cyber-attacks or significant power outages were examined.

There were questions around Member Training and how courses that were deemed as mandatory could be enforced. The Director of Governance and Development responded that the Audit and Governance Committee had previously recommended certain training like Code of Conduct training become mandatory. It was stated that it was preferable that Members came to training on their own accord but that the Audit and Governance Committee would have oversight of this within the Committee's responsibility for standards.

RESOLVED: That the Committee NOTED the report.

214 Treasury Management Outturn

The Deputy Chief Executive introduced the item as the performance of the Council against the Treasury Management Strategy and compliance for financial year ending 31 March 2023.

The following points were highlighted:

- It was noted on page 113 the closing balances for 31 March 2022 of £32.917 million, a reduction of cash balances of 5.402 million with a closing balance of 27.515 million on

31st March 2023. It was noted that the removal of central government support during the Covid pandemic and the delay of receipt of income of business rates.

- It was noted that pooled funds had provided a dividend, but the value of the investments realised had reduced to £11,528,250. However pooled funds were a longer term investment and switching them would come at a cost.
- It was noted at Section 8 of the report that the Council had complied with the indicators with the CIPFA Code of Practice.

It was noted that under the section of the report on corporate priorities. It was noted by the Deputy Leader that this section was part of all reports, which shows reports are in line with the Corporate Plan approved by Full Council.

It was noted that page 117 about investment in banks and building societies and there were queries about the security of these investments. It was noted by the Deputy Chief Executive that Arlingclose provides advice on the credit-worthiness on these investments as well as officer advice.

The Chair commented that it may be useful to have Arlingclose organise a training session with the Committee and other Members. It was noted by the Deputy Chief Executive that there were sessions planned on treasury management which would be organised soon.

It was asked whether there were any capital assets mentioned within the report. The Deputy Chief Executive noted that there were a number of non-treasury management investments within or outside of the district boundaries. There were also service loans and other investments that earn a return for the Council. The Chief Accountant noted that when the accounts were brought to the Committee this would be picked up.

RESOLVED: The Committee noted the report.

215 Audit Committee Effectiveness

The purpose of the report was to present to the Audit and Governance Committee CIPFA's Updated Audit Committee Guidance along with the self-assessment and evaluation toolkit to enable Committee Members to identify any training needs to ensure they meet the principles as set out in the CIPFA guidance

Cllr Coleman left the meeting at 19:03

The Chair noted that there was large amount of documentation with duplication and there was some encouragement for Committee Members to read the documentation.

It was noted at Appendix F that there is an opportunity for self-assessment to evaluate the effectiveness of the Audit and Governance Committee.

The Deputy Leader and Cabinet Member for Finance was invited to comment as a frequent observer member. It was mentioned that there were a number of new members on the Committee which may mean the review needs to be delayed. The Chair did comment that it was a commitment to the process rather than an immediate start to the review.

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The Committee commented about the need for challenge on the Committee of official advice given. The Director for Governance and Development noted the appointment process for two Independent Persons and that there had been respondents to the application. It was highlighted that these non-voting Members would have relevant expertise and would not be affiliated with officers .

It was noted that training was an important part of self-assessment and officers could provide support where necessary. It was noted by the Assistant Director of SWAP that a questionnaire would be used to help identify training needs of Committee Members.

RESOLVED: The Committee NOTED the report and AGREED with the principle of self-assessment.

216 Work Programme

The Chair introduced this item and outlined the items scheduled.

The Deputy Chief Executive noted that the following items were to be added to the plan for the 18 October meeting;

- 2022/23 External Audit planning
- Draft Accounts for 2022/23
- Updated Treasury Management Code

The Director of Governance also added the Annual Ombudsman Report to the 25 January 2024 meeting. The Chair agreed to this due to the Accounts being received at October's meeting.

RESOLVED: The Committee NOTED the Work Programme and the additions suggested.

The Meeting commenced at 5.15 pm and closed at 7.10 pm

Chair

(END)