

AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 12 JUNE 2023

Present: Cllrs Richard Biggs (Chairman), Susan Cocking (Vice-Chairman), Belinda Bawden, Simon Christopher, Barry Goringe, David Gray and Bill Trite

Present remotely: Cllrs Robin Legg

Also present remotely: Ian Howse

Officers present (for all or part of the meeting):

Sean Cremer (Corporate Director for Finance and Commercial), Susan Dallison (Democratic Services Team Leader), Aidan Dunn (Executive Director - Corporate Development S151), Marc Eyre (Service Manager for Assurance), Jonathan Mair (Director of Legal and Democratic and Monitoring Officer), John Miles (Democratic Services Officer Apprentice) and Peter Hopkins (Corporate Director - Assets and Property).

Officers present remotely (for all or part of the meeting):

Angela Hooper (Principal Auditor SWAP) and Sally White (Assistant Director SWAP).

1. **Apologies**

There were no apologies for absences.

2. **Minutes**

The minutes of the meeting held on 17th April 2023 were confirmed and signed.

3. **Declarations of Interest**

No declarations of disclosable pecuniary interests were made at the meeting.

4. **Public Participation**

There was no public participation.

5. **Minutes of the Audit & Governance Sub-committee**

There were no Sub-committee minutes to note.

6. Update on Preparation of the Statement of Accounts for 2022/23 and the External Audit for 2020/21 and 2021/22 Statement of Accounts

The Corporate Director for Finance and Commercial introduced the report to update the committee on the delay of the preparation of the 2022/23 final accounts. The committee was informed that the 2022/23 statement of accounts were due to be completed in draft form for publication by the 31st of May 2023 which was 2 months earlier than the last few years and the submission is now overdue. Nationally, 74% of the opinions from 2021/2022 were still outstanding of the 21st March 2023.

There were three issues still outstanding for preparation of the accounts and the finance team were dealing with multiple financial year close downs for 2020/21, 2021/2022 and working on 2022-2023. The budget monitoring for the current financial year 2023/24 had just started and the team was also working on setting the budget for 2024/25. The finance team were under a lot of pressure, dealing with 5 financial years at the same time.

The contractor who was assigned to undertake the valuations for 2022/23 was behind schedule in its valuation of circa 350 assets. Deloitte advised that due to delays on prior year end accounts, they were unable to commence 2022-23 audits.

In January 2023, CIPFA offered a temporary solution which changed the notes to the accounts to report the gross accumulated depreciation. The council was working with Deloitte to review the appreciation values of our infrastructure assets which delayed the 2021/2022 and 2022/2023 accounts.

Cllrs asked questions such as, capacity issues, the additional contractor capacity, issues that had not been resolved, asset values and the practical significance.

In response to the questions about capacity issues, the Corporate Director for Assets and Property informed that two additional external contractors had been employed and an internal resources staff to balance the load and were releasing capacity to deal with the council's work. The Section 151 officer made the committee aware that they were able to buy in finance capacity to deal with these issues, but this wouldn't necessarily resolve the situation due to the delays around the valuation.

Ian Howse from Deloitte responded to Cllr Legg's question regarding the practicality of infrastructure asset valuation and over what period infrastructure assets were devalued. Lots of work was being conducted concerning the useful asset lives over which infrastructure assets were depreciated and valued and this resulted in the 2020/21 accounts being delayed.

Ian Howse highlighted that it was very important that the committee understood that these were national issues and agreed that these accounts needed to be completed. The committee was told that the draft accounts will be published in July.

Decision

The report was noted.

7. Annual Fraud and Whistleblowing Report

The Service Manager for Assurance introduced the report which followed on from a recommendation that was in a Southwest Audit Partnership report of increasing visibility on fraud management.

The committee was made aware that as of the progress made last year all the actions that were outstanding had mainly been completed. The areas outstanding were to provide more focused training for high-risk areas above and beyond the E learning that was currently available.

SWAP had previously carried out a baseline report on fraud management arrangements, which showed at the first review that although there were mechanisms and processes in place, these were not fully completed or embedded. 25 themes showed as amber out of 27. A follow-up review was taken in December 2022 which showed a significant improvement of 16 themes showing as green. The 11 amber areas form part of improvement measures for this year and involved improving communication channels.

The 2019 SWAP report noted the need for a member champion on fraud prevention, and the report proposed that this role transfers to the chair of the Audit and Governance Committee which was supported. Out of the 7 issues reported for the fraud and whistleblowing activities there was 1 case still under investigation and the other were not upheld.

Cllr Trite commented on the background papers under the section, anti-fraud, bribery, and corruption strategy, 'we operate a zero-tolerance culture of fraud corruption'. He added that it should be corrected to 'we operate a zero-tolerance policy towards fraud and corruption and requested that this should be checked'.

The term whistleblowing was discussed, and the definition will be considered for the next report.

Decision

The report was noted.

8. Update from the Monitoring Officer on the Constitution

The monitoring officer updated the committee on the consequential changes to the constitution.

Article 6.13 of the constitution required the executive leader to maintain an up-to-date list of the responsibilities of others that are exercising executive powers on his behalf. This list can be found in the annex to article 6 of the Constitution and

will be updated to reflect the reshuffle that the leader recently made to the cabinet and to reflect the changes to portfolio holders' positions.

Under the Local Government Act 2000 the Leader appoints members of the cabinet and designates their portfolios. The monitoring Officer reported on a change to the Constitution to clarify that in the event of a portfolio holder being absent then the Leader of the council can exercise the powers of that portfolio holder.

Noted.

9. **Work Programme**

To add the 2021/21-2022 accounts and an update on the external audit of accounts to the July and September Work Programme.

10. **Urgent items**

There were no urgent items.

11. **Exempt Business**

There was no exempt business.

Duration of meeting: 10.00 - 10.52 am

Chairman

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