

Audit and Governance Committee



Annual Report 2023-2024

Message from the Chair of Audit and Governance Committee 2023/2024

Councillor Murray Stewart

Welcome to the annual report of the Audit and Governance Committee. Being a new member I was very proud to be elected as Chair of this committee. Overall, the past year has been a positive experience and very enlightening as to the breadth of the work which falls within the committee's remit.

The majority of the committee are either new to the council or to the committee itself. The first year has been very much a learning curve as we understand all about assurance, risk, governance and the nuance of local government accounts. With this understanding we are in a good position to ensure we are fully equipped to challenge, question and gain assurance that the council's approach to governance, risk and internal control is operating as it should.

In terms of providing assurance, the committee is well supported by a number of services, in particular the internal audit team, finance team, counter fraud and enforcement unit and Grant Thornton, the council's external auditors. It would be remiss of me not to thank Grant Thornton for their work over the years. For 2024/25 we welcome Bishop Fleming as our new external auditors. The committee has always had good relationship with external audit and I am sure this will continue.

It is really pleasing to report that outcomes and opinions presented to the committee by these services are on the whole positive. In particular, the council's financial management framework is well managed and the annual statement of accounts were signed off without any issue. Looking ahead, there is a great opportunity for the committee to support the delivery of the council plan and high performing organisation (HPO) ambitions. For success, both will need to be supported with a sound system of internal control and governance.

I would like to thank all the committee and officers for the support they have provided me during the year and we look forward to another productive year.

Best wishes,

Councillor Murray Stewart



The Role of Audit and Governance Committee

The role of the committee is an important one. The key role is that of assurance. The committee needs to be assured that the council's risk, governance and internal control environment is operating effectively. Given the council's complexity of services, processes, procedures and policies, there will always be occasions where improvements are required. Where these are identified, then the committee seeks assurance the necessary improvements are monitored and implemented.

Work undertaken by the Audit and Governance Committee

Annual Governance Statement (AGS)

It is a statutory requirement that the council publishes an AGS. In layman's terms, the document reflects the state of play in relation to the council's overall governance arrangements. The 2022/23 AGS was reviewed and approved by the committee on 27 September 2023. The AGS recognises improvements and initiatives made to the governance framework during the year. This is not an exhaustive list and include:

- Despite a backdrop of uncertainty over local government funding and a challenging economic landscape, the continued delivery of sound financial management and financial reporting.
- The continued delivery of service-related reviews such as Development Management and Licensing (with governance related work streams).
- In early 2022, the operational recovery of internal audit (from Covid-19 re-deployment).
- Overall delivery of the corporate Covid-19 recovery plan.
- Project management governance saw delivery of significant transformational projects such as the solar canopy, planning application tracker, HR automation, data requests and internal systems such as staff safety register and room bookings.

The AGS also identifies any significant governance issues arising and the committee receives progress reports on the resultant action plan. The key issues identified were governance improvements to areas of work such as the Tewkesbury Garden Communities Programme, Community Infrastructure Levy and Equality, Diversity and Inclusion framework.

Internal Audit - Public Sector Internal Audit Standards

Internal audit is pivotal to the committee receiving independent assurance on how well the council's internal control environment is operating. All work of internal audit is governed by the Public Sector

Internal Audit Standards (PSIAS). It is the responsibility of the Chief Audit Executive (Director of Corporate Resources) to ensure compliance with these standards.

To supplement the regular monitoring reports of internal audit work it is a requirement of PSIAS that the CAE produces an annual report giving an independent opinion on the council's internal control environment. This essentially pulls together the summary of all the internal work undertaken during the year. Presented to committee on 19 July 2023, this opinion was positive. For example of the 59 separate audit opinions issued across the year, 55 were either of a 'substantial' or 'reasonable' opinion. The one significant area of concern, leading to an adverse audit opinion was in relation to aspects of the S106 framework. At the committee's request, a resultant action plan was developed and presented at committee on 27 March 2024. The plan will be monitored during 2024/25 to give assurance it is acted upon.

The team have recently been subject to an independent external assessment in relation to their compliance with PSIAS. It is a requirement that this is carried out at least every five years. The final report has just been received and concludes the team are wholly compliant with the standards. A fantastic outcome for such a small team.

Financial reporting

In addition to governance-related issues, finance is an integral part of the committee's remit. In relation to financial matters, the committee received the following reports: -

- 27 September 2023 - the committee approved the 2022/23 letter of representation. The letter formally and publicly confirms the accuracy and completeness of the presented statement of accounts. The letter sets out assurance from the council to external audit that relevant accounting standards have been complied with. It also gives assurance the council has disclosed information where to withhold it would have undermined the accuracy and reliability of the statement of accounts.
- 27 September 2023 - the committee considered and approved the 2022/23 statement of accounts. A training session was held for committee members prior to the meeting to explain in layman's terms the technical details of the financial information. At the meeting itself it was explained there were no material adjustments to be made. The Finance Team worked tirelessly to meet all necessary deadlines and to have a 'clean bill of health' was a major achievement. The backlog of Local Government audits is well publicised nationally. For this council to be in the minority where accounts have been signed off on time is really positive news.
- 27 March 2024 - committee approved the accounting policies to be used to prepare the 2023/24 financial statements. The report explained there were no substantial changes to the CIPFA Code of Practice on Local Authority Accounting which came into effect from 1st April 2023. The new standard

(IFRS16), which is a major change in the way leases are treated, has a mandatory adoption date of 1 April 2024. The report explained even though IFRS16 is not adopted until the next financial year, and assessment of the impact under the note titled Accounting Standards Issued, 'Not Adopted' should be undertaken. Whilst the new standard will require a lot more detailed work on leases, currently the effect on the accounts is not expected to be material.

- 27 March 2024 – committee considered a report on progress in implementing the CIPFA Financial Management Code. In essence, the code sets out the standards of financial management for local authorities. With regards to elements of the code which is within the control of the council, good progress has been made.

External Audit Assurance

In addition to the work of internal audit, reliance on how well the council is performing is given by the council's external auditors. As explained in the introduction, Grant Thornton have provided this assurance for a number of years and have now handed over the baton to Bishop Fleming with effect from the 2024/25 financial year. The latter presented their annual work programme to the committee on 27 March 2024. An overview of reports from Grant Thornton is summarised below;

- 19 July 2023 – committee considered the external auditor's programme of work for the 2022/23 financial audit. This included timescales, identified risks, materiality and the audit fee.
- 19 July 2023 – Grant Thornton presented their report 'Informing the audit risk assessment'. The purpose of this report is to contribute towards the effective two-way communication between the council's external auditors and the council's Audit and Governance Committee, as 'those charged with governance'. The report includes a series of questions on areas such as accounting estimates, fraud arrangements, general management overview and require a management response. The committee considered this response and were satisfied they are consistent with its understanding of those arrangements.
- 27 September 2023 – the representative from Grant Thornton presented the findings from the audit of the council's financial statements. Although a small number of amendments had been identified it was intended to issue an unqualified audit opinion which was a clean bill of health for the council. It was put on record that the closure of accounts by the statutory deadline of 30 September was a significant achievement. Only 12% of local government bodies had received audit opinions in time to publish their annual accounts by the extended deadline in 2022. Committee felt this reinforced how lucky the council was in terms of its officers who were very good at their jobs and generally how well the council managed its financial affairs, particularly as a number of councils had issued S114 notices.

- 27 March 2024 – Grant Thornton presented their 2022/23 annual report which gives their opinion on the council's overall Value For Money arrangements (incorporating financial sustainability, governance and improving economy, efficiency and effectiveness). Committee were pleased to be informed that the conclusion was positive with no significant weaknesses identified. A small number of improvement recommendations were made. These include the involvement of Overview and Scrutiny Committee in the budget setting process, consider improving public consultation on budget proposals and development of a data strategy. All recommendations have been accepted by management and progressing accordingly.

Counter Fraud and Enforcement Unit (CFEU) Update

The Head of the CFEU attends committee on a six-monthly basis and updates upon the work activity of the unit. The CFEU works directly on behalf of the majority of the Gloucestershire authorities, West Oxfordshire District Council and other public sector bodies. They provide excellent support to the council and this has been recognised and commented upon by members. The updates included:

- Ongoing support and advice to legacy pandemic related work including fraud risk, abuse and recovery of business grants and energy rebate schemes.
- Membership of the Multi Agency Approach to Fraud (MAAF) which raises fraud awareness throughout the County.
- Assurance work around the housing waiting list and small supplier procurement.
- Processing and investigation of cases identified through the National Fraud Initiative.
- Supporting criminal investigations and prosecution support for enforcement teams.
- General fraud referral work.
- Proactive policy work including the development of fraud risk registers.

Risk Management

At each committee, the corporate risk register is considered. The register is a useful tool to evidence that corporate risks are evaluated and managed. There is no statutory requirement to have a register, but it is seen as good practice and supports the committee to fulfil its risk management responsibilities. During the year, members of the committee have sought assurance that the risks are being managed effectively. There have been numerous questions, particularly on; cyber security, climate change, garden town and financial sustainability. Overall, the reporting of the register has generated good discussion and debate and is a welcomed document. The new committee also recommended some improvements to the format of the register, such as the direction of travel for each risk.

Other governance updates

Health and Safety Annual Report

An annual report was presented by the Environmental Safety Officer on 19 July 2023. The report summarised the health and safety performance for 2022/23 and outlined the work proposed for the next year. Members were advised that it was best practice to complete an annual report regarding the Council's health and safety arrangements. Health and safety is managed largely through the 'Keep Safe Stay Healthy' group and it was noted that particularly good work had been done in relation to the Workplace Wellbeing Programme around supporting staff and that would continue. Members were also very interested in attendance levels for various training sessions and it was agreed this would be included for future reporting.

Data Protection Officer's Annual Report

This report was also presented at the meeting held on 19 July 2023 and provided members with assurance as to the adequacy of the council's data protection framework. It was explained that significant work had been carried out since the introduction of GDPR and there was a continual process to ensure the council remained broadly compliant. The GDPR action plan was presented alongside the report and demonstrates the extensive amount of work being undertaken. In terms of priorities moving forward, a data protection retention project plan is underway and work is also planned around privacy notices to ensure ongoing compliance. It was noted that an internal Information Governance and Security Board met on a regular basis to oversee GDPR related activity which included monitoring delivery of the GDPR action plan and receiving updates on any data breaches. Members were advised that the council has a no blame culture and there was a very good level of reporting data breaches as a result. All reported breaches had been low risk, hence no requirement to report them to the the Information Commissioner's Office (ICO). Notwithstanding this, it is important to ensure the council's arrangements were continually reviewed.

Looking forward

I look forward to the ongoing assurance that all officers and external audit provide. Ensuring a sound system of internal control, risk and governance is essential to support the overall ambition to be a High Performing Organisation (HPO). I am looking for positive and collaborative engagement with Bishop Fleming and demonstrate as we have with our previous external auditors, how well the council is run. Given the complexity of the council's work not everything functions as expected. From discussions held at committee, of particular interest in the coming months will be the improvement required to overhaul the current S106 framework.

Committee members



Cllr Hilarie Bowman



Cllr Christopher Coleman
Lead Member for
Governance until May
2024



Cllr Stewart Dove
Vice Chair



Cllr David Gray



Cllr Gemma Madle
Lead Member for
Governance after May
2024



Cllr Paul McLain



Cllr Elaine McTiernan



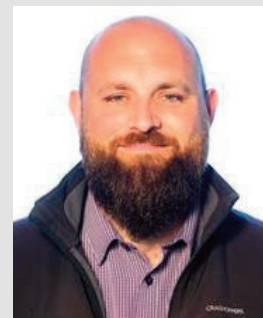
Cllr Jason Mills



Cllr Paul Smith



Cllr Richard Smith



Cllr Murray Stewart
Chair