

ACCOUNTS AND AUDIT COMMITTEE

23 NOVEMBER 2023

PRESENT

Councillors: Brotherton (Chair), Axford, Cordingley, Baskerville, Brophy, Carter,
Welton

IN ATTENDANCE

Jeannie Platt	Independent Member
Karen Murray	External Auditor, Mazars
Dave Muggeridge	Head of Financial Management
Mark Foster	Audit and Assurance Manager
Frank Fallon	Finance Manager
Stephanie Ferraioli	Governance Officer

1. ATTENDANCES

An apology for absence has been received from Councillor Lloyd and Whetton.

2. DECLARATION OF INTEREST

No declaration of interest to be recorded.

3. MINUTES

RESOLVED – That the minutes of the meeting held on 27 September 2023 be noted as a true and correct record.

4. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions from members of the public were received.

5.2021/22 AUDIT COMPLETION FOLLOW UP LETTER

The External Auditor MAZARS, presented the Audit Completion Follow up Letter for the financial year 2021/22 in which it is confirmed that the outstanding matters within the September 2023 Audit Completion Report have now been resolved.

RESOLVED – That the Audit Completion Follow up Letter be noted.

6. 2021/22 AUDITOR'S ANNUAL REPORT

The External Auditor MAZARS, presented the Auditor's Annual report for the financial year 2021/22, this confirmed that:

- the Audit Report, issued on 16 November, gave an unqualified opinion on the financial statements for the year ended 31 March 2022.
- Value for Money arrangements – work had been completed on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and no significant weaknesses in those arrangements had been identified.
- The report noted that although the external auditor was satisfied there was no immediate threat to the Council's financial sustainability, the use of reserves at current levels is not considered sustainable into the future. Action should be taken to align funding to the reduced cost base to ensure the Council achieve its planned saving targets and identify efficiency savings in its future budget as these reserves are critical to the Council's ability to manage future financial risks.

RESOLVED – That the report be noted.

7. TREASURY MANAGEMENT 2023/24 MID YEAR PERFORMANCE REPORT

The Finance Manager for Place and Central Services presented the Treasury Management Mid-Year Performance Report for 2023/24 informing Members of the activities undertaken so far relating to Investment, Debt and Prudential Indicators this financial year.

Members were guided towards table 4 in the report where the Council's position in relation to debt and investment is clearly highlighted. The Council's external debt is lower than the Capital Financing Requirement and as such the Council is under borrowing by £93m. Ultimately, the decision to borrow during the remaining part of this financial year will be made by the Director of Finance and Systems in line with the Treasury Management and Debt strategies.

The Finance Manager for Place and Central Services was happy to report that during this period two loans have been repaid in full to the amount of £15m and no new loans have been secured, meaning that the total external loan amounts to just below £300m and the Council's investments maturing during the same period have been repaid on time. A discussion took place on the ethical investment policy and its influence in avoiding investments made in specific industries or countries with poor human rights records. The Head of Financial Management clarified that investments were restricted to counterparties as advised by our Treasury Management advisors which does reflect considerations on ethical conduct. The investment policy will be updated in February 2024 as part of the Treasury Strategy to formalise these arrangements.

A discussion took place on the role of the Investment Management Board and its role in ensuring appropriate governance and oversight of the Asset Investment Strategy. Members of the Accounts and Audit Committee requested further details of the boards Governance and oversight be reported to a later meeting.

RESOLVED:

- 1) That an update on the Governance arrangements of the Asset Investment Board be provided at the next meeting.
- 2) That the report be noted.

8. INSURANCE PERFORMANCE REPORT 2023/24

The Head of Financial Management presented the annual insurance report which covered the financial outturn, claims activity and future themes. The budget was contained within existing resources with sufficient resource to increase the Insurance Risk Reserve for the second year to cover potential evolving claims suggested by the actuary. A small increase in claims was being experienced compared with prior years following the post covid increase in activity. No patterns of claims were of concern and the high defence rate on highways claims was noted.

The Head of Financial Management highlighted the significant exercise currently in progress relating to the retendering of the insurance contract for the next 5 years and the potential risks relating to cost escalation given the current market conditions.

RESOLVED – That the update be noted.

9. FINANCIAL MANAGEMENT CODE UPDATE

The Head of Financial Management updated the Committee on the Council's Financial Management Code set by the Chartered Institute of Public finance and Accountability (CIPFA), a code is not statutory but places a duty on each authority to ensure robust management of their finances.

The Council carried out an annual self assessment reviewing the 7 sections within the Code to ensure annual compliance. Progress against the self assessment was highlighted in the report. Further areas for improvement were discussed and will be progressed during the remainder of this financial year.

RESOLVED:

- 1) That a further update on the Financial Management Code be provided at next available opportunity.
- 2) That the update be noted.

10. STRATEGIC RISK REGISTER – NOVEMBER 2023 UPDATE

The Audit and Assurance Manager presented Committee with a further update after receiving more information from CLT. The report draws attention to the 16 risks with 3 changes with Risk 1 the Medium Term Financial Strategy, which presents an increase from 20 to 25 which is High; Risk 14 Business Continuity Planning, which also presents an increase from 6 Low to 9 Medium and Risk 13 relating to the joint venture with Amey which presents a decrease from 15 Medium to 10 Medium.

In respect of Risk 14, the Audit and Assurance Manager informed that a new officer covering the role of Emergency Planning will start after Christmas. It was also noted that more detailed updates on specific strategic risks regards Climate Change and Cyber Security, are expected to be provided at one of the next Committee meetings.

RESOLVED – That the update be noted.

11. 2023/24 AUDIT AND ASSURANCE SERVICE UPDATE REPORT JULY TO SEPTEMBER 2023

The Audit and Assurance Manager presented a further update on the audit plan for the period between July and September 2023 when the team have focused on progressing a number of financial systems audits as well as finalising a number of school audit reports (listed in section 5 on page 171 of the report along with the opinion levels which are either substantial or reasonable).

The team also continues to support the national counter fraud initiative and have also undertaken some work in respect of STAR Procurement; an update on both will be available at next Committee meeting.

RESOLVED:

- 1) That a further Audit update report will be presented at the next Committee meeting in February, which will include details of further final reports issued, and details of other work completed, including in relation to the National Fraud Initiative and STAR Procurement.
- 2) That the update be noted.

12. ACCOUNTS AND AUDIT COMMITTEE WORK PROGRAMME 2023/24

The Audit and Assurance Manager informed of the changes made to the work programme with STAR Procurement now attending in February to present to Members. It is also expected that there will be an update on Cyber security risks in February.

The Audit and Assurance Manager will review the work programme for the remainder of the year to include further training and briefings. Investment was suggested as one of the topics that is of great interest for Members.

RESOLVED:

- 1) That training briefing sessions for Members be arranged.
- 2) That the amendments to the work programme be noted.

13. URGENT BUSINESS (IF ANY)

There was no urgent business to discuss.