



**MINUTES OF GOVERNANCE COMMITTEE**

**MEETING DATE** **Wednesday, 27 September 2023**

**MEMBERS PRESENT:** Councillor Alan Platt (Chair), Councillor Mark Clifford (Vice-Chair) and Councillors Gordon France, Christine Heydon, Samantha Martin, Dedrah Moss, Jean Sherwood and Neville Whitham

**OFFICERS:** Louise Mattinson (Director of Finance), Chris Moister (Director of Governance), Dawn Highton (Head of Audit and Risk), Alison Wilding (Head of Customer Services), Jacqui Murray (Senior Auditor) and Ben Storey (Democratic and Member Services Officer)

**OTHER MEMBERS:** Councillor Joan Williamson

**23.G.27 Minutes of meeting Wednesday, 2 August 2023 of Governance Committee**

**Resolved:**

That the minutes of the last meeting, held on Wednesday, 2 August 2023 be agreed as a correct record for signing by the Chair.

**23.G.28 Declarations of Any Interests**

There were no declarations of any interests.

**23.G.29 External Audit Progress Report**

Matt Derrick, of Grant Thornton, presented the report which provided a progress update on their responsibilities as the Council's External Auditor.

Members noted the update which acknowledged that the draft accounts for the 2022/23 year had been received in August so the audit had now commenced. It was also highlighted that the Value for Money work was underway and that this, the draft accounts and the findings and recommendations that formed the Auditor's Annual Report 2022-23 would be brought to the next meeting of the Governance Committee in November 2023.

A query was raised whether there would be any penalties or reputational damage arising from the late publication of the audit of the accounts. In response, it was acknowledged that the May deadline had been challenging for all local authorities, many of which had also not managed to complete the audit and publish the accounts

on time. Members were reassured by the external auditors commitment to complete the audit for November 2023.

**Resolved – that the update be noted.**

### **23.G.30 Discussion on the PSAA (Public Sector Audit Appointments) Proposed 2023/24 Scale Fees**

The Director of Finance provided an update and sought feedback from the Committee on the proposed 2023/2024 scale fees provided by the Public Sector Audit Appointments (PSAA) in order to inform a response to the consultation exercise by its deadline on Tuesday 10 October.

Members heard that the PSAA was a public body, wholly owned by the Local Government Association, that represented the majority of local authorities in relation to tendering for audit services. The results of the most recent tender exercise had been received and had resulted in proposed increases in fees of 151% for the Council.

Members expressed concerns over the proposed increases given the challenging financial environment for local authorities and suggested the consultation response include a request for financial support from the Department of Levelling Up, Housing and Communities to cover these additional costs.

Following a query on whether there was an alternative option, the Committee were advised that the Council could have undertaken its own tender exercise but that would have been costly and was unlikely to have achieved a better outcome than that proposed by the PSAA which had the buying power of most local authorities across the country. Members were directed to the PSAA website for more detailed information about the organisation and the process involved in calculating the proposed fees.

Clarification was sought whether the proposed scale fees would remain at that level over the contract period. The scale fees had been deemed appropriate by the PSAA for the required work to complete the audits, factoring in the more onerous financial reporting standards, new enhanced code of audit for Value for Money and wider scope of work that had been introduced during the last contract period. Whilst there could be variations and associated costs should any further changes in reporting standards be implemented, it was anticipated that the scale fee should remain broadly the same across the contract period.

**Resolved:**

**That the Committee:**

- 1. Asks that the Department of Levelling Up, Housing and Communities (DLUHC) be contacted to request that funding be made available for local authorities to support them in meeting the proposed increases in fees as set out by the Public Sector Audit Appointments.**
- 2. Expresses its disappointment in the proposed increases in fees and asks that this be reflected in the Council's response to the consultation.**
- 3. Asks that the Local Government Association be contacted to express the Council's concerns over proposed increases in fees set out by its subsidiary body, the Public Sector Audit Appointments, and the impact of these additional costs on local authorities.**

### **23.G.31 Internal Audit Plan October 23 to March 24**

The Senior Auditor presented the report which outlined the programme of work to be undertaken by the Internal Audit team in the period between October 2023 and March 2024.

The Committee heard that since approving the last Internal Audit Plan there had been a reduction in audit resource, however a recruitment exercise was already underway to fill the vacant post. Members were reassured that despite the recent reduction in capacity there was sufficient coverage in the work already completed and within the next six month work programme to allow for an annual audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes.

In response to a query raised regarding the recruitment process, it was confirmed that interviews were scheduled for the following week with an expected start date in November.

**Resolved – that the Committee approve the Internal Audit Plan.**

### **23.G.32 Internal Audit Progress Report**

The Head of Audit and Risk presented the report which summarised the work of the audit team between April and September 2023.

The Committee's attention was drawn to the inclusion of, at the request of the Chair, all finalised internal audit reports and not just those that had been awarded a limited assurance rating to promote openness and transparency.

One report had been awarded a limited assurance rating which related to debt collection of sundry debtors. However, it was noted that with it being a narrow scope of work, a full review of the entire process may have resulted in a different overall assurance rating. The findings identified that adequate controls were in place, however they had not been operating effectively. As it was not anticipated to take long to reinstate the control measures a short timescale for this had been agreed.

As some audit resource had been lost in recent months following the departure of a member of staff in the team the work programme had been reviewed and taking into consideration knowledge of systems, other sources of assurance and level of associated risk the two reviews suggested for deferral relate to capita migration and cemetery management. If deferral is approved, both areas would be considered when the next audit plan is developed.

Members were pleased to note the Internal Audit Service had fully conformed with the Public Sector Internal Audit Standards following a recent peer review and self-assessment exercise, with only some minor process improvements to implement over the next few months.

Members highlighted the amount currently at debt recovery stage, totalling over £2m, and sought reassurances than once control measures were operating effectively again that a significant proportion of this would be recoverable. The Head of Customer

Services detailed how the action plan would address these concerns and manage the risks that had been identified. The Committee also heard that as part of work to improve the service there would be changes to make it clearer and easier for services to monitor levels of debt, including mandatory training for relevant officers.

It was requested that future reports break down the age of the debts so the Committee could better differentiate between short term debt and those older debts that presented a greater challenge to recover. Debt recovery options were considered on a case-by-case basis as to what was the most appropriate route to pursue. Confirmation that debt was not sold on to a third party was provided to the Committee.

Responding to a query raised, it was agreed that the current level of outstanding debt would be provided to the Committee, with regular updates to follow in the future.

**Resolved:**

- 1. That the position with regard to the Internal Audit Plan be noted.**
- 2. That the deferral of two reviews from the April to September Internal Audit Plan be approved.**

**23.G.33 Governance Committee Effectiveness Review 2023**

The Head of Audit and Risk presented this item which followed a discussion at the last meeting regarding the Chartered Institute of Public Finance & Accountancy (CIPFA) best practice guidance. Following this and the self-assessment undertaken by committee members, the report outlined a number of recommendations and actions including amendments to the terms of reference, further training for committee members, the production of an annual report and the appointment of independent persons to support the committee.

The Committee were advised that training delivered by CIPFA had been arranged for 30 October 2023 with the hope that all committee members would be in attendance.

Members were supportive of the proposal to recruit an independent person with suitable experience to support the Committee, with the understanding that they would undertake relevant training as and when deemed necessary.

**Resolved:**

- 1. That the report, including the comments on the self-assessment of good practice and subsequent actions be noted.**
- 2. That the Committee supports the appointment of an independent person.**

**23.G.34 RIPA Application Update**

The Monitoring Officer informed Committee that no RIPA applications had been made.

**23.G.35 Work Programme**

Following discussion earlier in the meeting, it was requested that a follow up on Sundry Debtors be included in the programme later in the year. In response, Members were reassured that this would be included in the next Audit and Risk Interim Report scheduled for January 2024.

**23.G.36 Any urgent business previously agreed with the Chair**

There was no urgent business.

Chair

Date