



To be submitted to the Council at its meeting on 14th December 2023.

AUDIT AND GOVERNANCE COMMITTEE

14th September 2023 at 9.30am.

Present: Councillor Boyd (in the Chair)
Councillors Holland, Mickleburgh, Patrick, Reynolds and Silvester

Officers in attendance:

- Peter Hanmer (Head of Audit and Assurance)
- Simon Jones (Assistant Director Law and Governance)
- Guy Lonsdale (Assistant Director Finance)
- Michael Norman (External Auditor, Mazars)
- Jo Paterson (Scrutiny and Committee Advisor)
- Claire Swainson (Strategic Lead, Accountancy)

Also in attendance:

Councillor Stephen Harness (Portfolio Holder for Finance, Resources and Assets)

AC.13 APOLOGIES FOR ABSENCE

Apologies for absence were received for this meeting from Tim Render, Councillors Cairns, Hasthorpe and Parkinson.

AC.14 DECLARATIONS OF INTEREST

There were no declarations of interest made with regard to any items on the agenda for this meeting.

AC.15 MINUTES

RESOLVED – That the minutes of the Audit and Governance Committee meeting held on 13th July 2023 be agreed as an accurate record.

AC.16 TRACKING OF RECOMMENDATIONS

The committee considered a report from the Executive Director Place and Resources on tracking the recommendations of the Audit and Governance Committee.

At AC.40, Appointment of second Independent Member, it was noted that this was on hold until the process had been confirmed. The committee agreed that this remained on the tracking report.

At AC.50 Strategic Risk Update, it was noted that this was now complete and could be removed from the tracking report.

At AC.7 Annual governance arrangements around adult social care and the relationship with the ICB, it was agreed that a further update be provided to the committee and the Director Adult Social Services be invited to a future meeting. It was agreed that this remained on the tracking report.

At AC.8 Update on Audit plan this was now complete, and the committee agreed that this could be removed from the tracking report.

RESOLVED

1. That the report be noted.
2. That AC.50, Strategic Risk Update and AC.8, Update on Audit Plan be removed from the tracking report.

AC.17 EXTERNAL AUDIT PROGRESS REPORT

The committee considered a report from the Council's External Auditor updating on the progress in delivering their responsibilities.

Mr Norman referred members to page four within the report which gave an update on the 21/22 audit. Members were reminded that the audit completion report was presented to committee in November last year, however there were two national issues which had delayed the completion of the audit.

The first related to a national accounting issue in relation to infrastructure assets which could not be progressed due to resolving the expected accounting treatment and issue of relevant guidance to councils. The external auditor was satisfied that subject to the financial statements being amended to include the disclosure required by the guidance, the infrastructure balances and transactions were not materially misstated.

The second issue related to the 2022 Triennial Pension Fund Valuation, reported in March this year, and showed material movements in the estimated 31st March 2022 net liability valuation due to updated membership details. Another piece of work related to the Pension Fund which required auditors to complete testing on the reliability and accuracy of the updated

pension fund membership data used as part of the 2022 Triennial valuation.

Members were referred to Appendix 1, updated findings, which gave a summary of the changes made to the primary financial statements. Mr Norman advised that all changes within the balance sheet were purely accounting adjustments and were subject to the committee approving its financial statements.

In terms of the auditor's opinion, Mr Norman would give an unqualified opinion and commentary on the value for money arrangements. Mr Norman reported that there had been no significant changes to their assessment of the council's arrangements and still regarded Ofsted's rating of Childrens Services as reflecting significant weaknesses. It was noted that the status of this risk had not changed.

Members were referred to audit progress in 2022/23. Mr Norman reminded members that at the April meeting he had given a summary of the key elements of the Audit Strategy for 2022/23. It was noted that there were no changes to the audit strategy, and he stated that a full copy of the Audit Strategy Memorandum had been included at appendix 2.

In terms of value for money (VFM) arrangements there were no additional matters to report for 2022-23.

A member noted concerns around the council's finances in light of other local authorities that were in financial difficulties.

Mr Norman confirmed that financial sustainability was less of an accounts issue and more of a VFM commentary. Mr Norman assured members of the ongoing risk assessments that took place and assured the committee that they continued to work closely with the council's finance team around how the council were performing. Mr Norman confirmed that at this stage there were no identified significant weaknesses, and he was satisfied that arrangements were in place for dealing with the current financial situation.

RESOLVED –That the External Audit Progress Report be noted.

AC.18 ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS 2021/22

The committee received a report from the Executive Director for Place and Resources introducing the Annual Governance Statement for 2021/22 and seeking approval of the Council's Statement of Accounts.

Mr Lonsdale introduced the report and advised that the statement of accounts for 2021/22 had now been updated to reflect two technical issues that prevented them from being signed off last year. As such the committee had already been briefed on the accounts in November and these were now before members for approval subject to two amendments. Similarly, with the Annual Governance Statement (AGS) the draft had also been approved in June and the committee were informed that the final AGS had been updated

with the outcome of the external audit.

A member queried at what age officers qualified to receive their full pension. Mr Lonsdale advised that this was dependent on the length of service which was typically 40 years. There had also been some changes to the pension scheme and the council were working quite closely with East Riding Pension Fund around pension evaluations and contribution rates.

A member reiterated that that the narrative within the statement of accounts needed to be in plain English in order that residents could better understand where money had been spent. Officers were aware of this and were looking at the format and style of the complete set of accounts, but noted they were constrained by the CIPFA Code of Practice, and their accessibility standards. Officers reassured members that in future a more user-friendly version would be provided.

Another member raised concerns around Section 114 notices being declared by some authorities across the country, and suggested the committee look at some examples in future. Mr Lonsdale agreed to provide a briefing paper to members on what was happening in the wider government sector.

RESOLVED

1. That the Annual Governance Statement 2021/22 and the Council's statement of accounts for 2021/22 be approved.
2. That a briefing paper be provided to the committee outlining what was happening in the wider government sector in terms of finances.

AC.19 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED - That the press and public be requested to leave on the grounds that discussion of the following business was likely to disclose exempt information within paragraph 3 of Schedule 12A of the Local Government Act, 1972 (as amended).

AC.20 ISSUES FOR DISCUSSION WITH THE INTERNAL AND EXTERNAL AUDITORS

The committee discussed any confidential matters of concern with the External Auditor and the Head of Internal Audit.

The external auditor advised that the 2022-23 audit had already commenced and there were no issues emerging from that.

The Chair highlighted that a date had been set for the Audit Working Group to look at risk management on Tuesday 17th October 2023.

There being no further business, the Chair declared the meeting closed at 9.59. a.m.