

# AUDIT AND MEMBER STANDARDS COMMITTEE

19 APRIL 2023

## PRESENT:

Councillors Spruce (Chair), Ho (Vice-Chair), Grange, Norman, Robertson, Silvester-Hall, White and M Wilcox

## 48 APOLOGIES FOR ABSENCE

Apologies were received from Councillor R. Cross.

## 49 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 50 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 23 March 2023, previously circulated, were taken as read and approved as a correct record.

## 51 ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

Anthony Thomas (Assistant Director Finance & Commissioning) presented the report to the committee. It was noted that there were minimal changes highlighted in blue and that the format reflects the requirements of the Code of Practice on Local Authority Accounting 2022/23. For information, the report includes reference to revenue from contracts with service recipients, though the authority remains unlikely to apply the policy at this stage. He confirmed that the PSAA has appointed Azets Audit Services Limited as the Council's external auditor for 5 years, beginning on April 1st, 2023. Mr Thomas confirmed that the pre-Covid-19 deadline for draft statement of accounts was being reinstated, bring the date one month earlier than has been the case in recent years.

In response to member questions, Mr Thomas confirmed that that leisure centre staff had now been TUPE over into the trading company. He confirmed that under the current forecast, the trading company was estimated to break even or produce a small profit in 2022/23. It is not currently predicted to be in a loss-making situation. In response to questions on the partnership with Evolve and whether the arrangements are best described as a 'joint venture', Mr Thomas confirmed he would review if the accounting policy would need to be updated to reflect the legal form and funding of the arrangement.

Regarding the scope of pension risk related to the Freedom Leisure contract, Mr Thomas confirmed an earmarked reserve had been set up to manage pension risk over the contract period to a level of c£200,000. Initial modelling by the Actuary of the risk identified a bond of £677,000 as value to cover the market related risks.

Responding to members questions about the accounts of Azets Services Ltd, Mr Thomas confirmed that the council is relying on the advice of the LGA and PSAA that the company has the capacity and skill to deliver the required audits.

**RESOLVED:** Subject to review mentioned by Mr Thomas and any subsequent minor changes, members approved:

2.1 The Council's proposed Accounting Policies that will form part of the 2022/23 Statement of Accounts subject to the accounting policy related to Joint Ventures being reviewed and if necessary updated.

2.2 The Council's approach to the Critical Accounting Judgements and Key Sources of Estimation Uncertainty that will be considered in completing the 2022/23 Statement of Accounts.

2.3 Delegation to the Assistant Director – Finance and Commissioning (Section 151) the ability to make further changes to the accounting policies to reflect the subsequent release of new or updated guidance.

2.4 To note the appointment by Public Sector Audit Appointments (PSAA) of Azets Audit Services Limited as the Council's external auditor for five years from 2023/24, with the appointment commencing on 1 April 2023 and their concurrent appointment by the Council to be the reporting accountant for the Housing Benefit Audit.

## **52 CHAIR OF THE AUDIT COMMITTEE'S ANNUAL REPORT TO COUNCIL**

Andrew Wood (Audit Manager) presented the report to the committee, noting that the committee work plan and attendance information sections were to be updated following the discussion. The Chair confirmed he was happy with the report and members noted the value of the committee.

**RESOLVED:** Members endorsed the proposed Annual report of the Audit & Member Standards Committee 2022/23 and approved that the Chair of the Audit & Member Standards Committee circulate the report to all Councillors.

## **53 ANNUAL REPORT FOR INTERNAL AUDIT (INCLUDING YEAR-END PROGRESS REPORT)**

Mr Wood presented the report to the committee. He confirmed the framework of governance, risk management and internal control is adequate in its overall design and effectiveness. This plan has been shared with BDO and work is progressing for next year's audit. 85% of audit plan is currently completed and 3 audits from 2022/23 have been deferred into 2023/24 as previously reported to committee. Working with BDO managements to ensure audits completed in timely manner. Mr Wood highlighted that as reported to this committee on 23rd March 2023 the service underwent its External Quality Assessment 2022/23 in relation to compliance with the Public Sector Internal Audit Standards. The service was found to 'generally conform' with the standards and an agreed Action Plan has been developed to form the basis for the service's Quality Assurance and Improvement Plan which will be reported to committee in the new municipal year.

Responding to member questions, Mr Wood explained that a number of high priority recommendations have been made relating to climate change, however several of these are still not due yet. Senior management is working towards their implementation. He also confirmed that the level of resourcing is satisfactory in relation to GDPR, with a new in-house officer dedicated to the area.

**RESOLVED:** To note Internal Audit's Annual Report, including results for the quarter to 31 March 2023.

## **54 RISK MANAGEMENT UPDATE**

Andrew Wood presented the report to committee. He confirmed that the strategic risk register had been updated, with minimal changes, highlighted in yellow. Scoring was reviewed on 29/03/2023 and no adjustments required. Leadership Team continue to monitor the risks on a regular basis.

Mr Wood confirmed he would have discussions with Leadership Team concerning where climate change would fit into the strategic risks.

Members suggested it would be helpful for the new committee membership to understand the role of other organisations in risk management - NHS contingency planning or county council for example – as well knowing what the role of councillors would be in contingency scenarios.

**RESOLVED:** That Members note the risk management update and receive assurance on actions taking place to manage the Council's most significant risks.

## **55 ANNUAL GOVERNANCE STATEMENT 2022/2023**

Mark Hooper (Governance Manager & Monitoring Officer) presented the Annual Governance Statement to the committee. He confirmed that a "Looking Ahead" section has been added to identify upcoming priorities. The inclusion of the LATCO was highlighted along with the composition of the post-local election committee would require a skills review to identify if an independent member would be beneficial. He stated that the Governance arrangements of the council are evolving to meet the challenges that we face.

**RESOLVED:** The Audit and Member Standards Committee reviewed and approved the Draft Annual Governance Statement to form part of the 2022/23 Statement of Accounts.

The committee delegated authority to the Chair of the Committee and the Governance Manager to make further minor amendments to the Annual Governance Statement in this version that will be included in the unaudited Statement of Accounts and following audit, the final version in the Audited Statement of Accounts.

The committee approved the Local Code of Corporate Governance for 2023/24.

## **56 GDPR/DATA PROTECTION POLICY - VERBAL UPDATE**

Laura Brentnall (Compliance and Data Protection Officer) gave a verbal update to the committee. She confirmed that service reviews will be going ahead looking at processes, systems, retention schedules, privacy etc. HR and Governance will be reviewed first, followed later by Elections.

She confirmed that the pdf redaction system currently in place is generating issues and that a quote would be sought to look at potential changes. There would also be changes to the disciplinary policy related to GDPR.

In terms of resourcing, Laura Brentnall stated that whilst there was no risk to the authority, there was a natural risk to her personal resourcing but confirmed she would flag this to the committee if that needs backing up with further support.

Members highlighted the challenges posed by A.I. to GDPR and flagged the upcoming European Parliament A.I. Act as a potential instructive measure on how to deal with this.

**RESOLVED:** Members noted the verbal update

**57 WORK PROGRAMME**

Members reviewed the work programme as a record of the committees work over the past year. The Chair expressed his thanks to all committee members and praised officers for their contributions.

**RESOLVED:** The committee acknowledged the work programme.

(The Meeting closed at 6.59 pm)

CHAIR