



# Audit, Governance & Standards Committee

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Tuesday, 28th May, 2024

## MINUTES

### Present:

Councillor Chris Holz (Vice-Chair in the Chair), and Councillors Brandon Clayton (substitute), William Boyd, Juma Begum, Sachin Mathur (substitute), Andrew Fry, Joanna Kane, Alan Mason and David Munro

### Also Present:

Councillor Ian Woodall – Portfolio Holder for Finance  
Jackson Murray – Key Audit Partner, Grant Thornton (on Microsoft Teams)  
Chris Green – Head of Worcestershire Internal Audit Shared Service

### Officers:

Peter Carpenter, Claire Felton and Debra Goodall

### Democratic Services Officers:

M Sliwinski

## 1. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from the Chair, Councillor Monaco, and Councillor Fardoe. They were substituted at this meeting by Councillors Clayton and Mathur respectively.

Apologies were also received from Feckenham Parish Council representatives.

In the absence of the Chair, the meeting was chaired by the Vice-Chair of the Committee, Councillor Chris Holz.

## 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

## 3. MINUTES

Chair

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The minutes of the meeting of Audit, Governance and Standards Committee held on 21<sup>st</sup> March 2024 were submitted for Members' consideration.

**RESOLVED that**

**the minutes of the Audit, Governance and Standards Committee meeting held on 21<sup>st</sup> March 2024 be approved as a true and correct record and signed by the Chair.**

**4. PUBLIC SPEAKING**

There were no public speakers who registered to speak at this meeting.

**5. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Head of Legal, Democratic and Property Services presented the Monitoring Officer's report and in doing so reported that there had been a number of Member to Member complaints considered since the last Committee meeting, none had required any further action. It was reported that following the Code of Conduct training which took place on the 9<sup>th</sup> May, it was indicated that some Members might wish to see further training sessions on Code of Conduct throughout the municipal year. This would be discussed by the Member Support Steering Group (MSSG) in July.

**RESOLVED that**

**the report be noted.**

**6. GENERAL DISPENSATION REPORT**

The General Dispensation Report was submitted for Members' consideration. It was stated that the purpose of this set of general dispensations for all Councillors was to enable elected members to participate in meetings where key matters were considered such as the Council Budget Setting. It was noted that dispensation should not be seen as a blanket dispensation allowing participation in all situations – for example where a disclosable pecuniary interest was declared in an agenda item, it would still override any dispensation that was granted.

**RESOLVED that**

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- 1) the previously granted general dispensation in relation to allowing Members to address Council and Committees in circumstances where a member of the public may elect to speak be re-granted under section 33 (2) of the Localism Act 2011, to allow Members to participate in and vote at Council and Committee meetings when considering these matters;
  - 2) subject to the caveat set out in paragraph 3.6 of this report in relation to setting the Council's Budget, the Audit, Governance and Standards Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of:
    - a) the Budget;
    - b) Council Tax;
    - c) Members' Allowances;
    - d) Council Rents;
    - e) Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the Borough;
  - 3) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and
  - 4) it be noted that any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2025.
- 7. ANNUAL UPDATE REPORT ON REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

An annual update on the Regulation of Investigatory Powers Act 2000 (RIPA) was presented together with the Council's reviewed and updated RIPA policy. It was stated that due to the nature of the policy, it was only utilised in exceptional circumstances and this

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policy defined the guidelines and rules as to how and in what circumstances RIPA could be utilised.

## **RESOLVED that**

- 1) the Council's RIPA Policy (version 8.3) as reviewed and updated be endorsed; and**
- 2) the update on RIPA activity described in this report be noted.**

## **8. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME**

It was noted that Feckenham Parish Council Representatives had submitted their apologies for this meeting. It was noted that the Borough Council's Monitoring Officer had a duty to investigate complaints in relation to Parish Councils and make recommendations on complaint resolution. The Parish Council representatives attended meetings to report on their standards regime.

Members queried the possibility of having this agenda item on a quarterly or twice-yearly basis to encourage regular reporting of Parish Standards matters to this Committee.

## **9. GRANT THORNTON - EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The External Auditor from Grant Thornton presented a report on progress in delivering the external audit function for the Council and provided a wider audit sector update.

It was reported that a reconciliation between the old and new financial ledger systems had been provided which identified a total of £64,000 of transactions between the two systems, which was significantly below the materiality level of £1.19 million set for the audit of 2020-21 financial year accounts. As such, the External Auditor would not have material concerns over the data transfer with this level of reported unreconciled transactions. The unreconciled transactions were slightly above the clearly trivial level set at £59,000, however. In this situation, it was reported that the draft Statements of Accounts for 2020-21 would be issued for audit and put on the Council's Website following comments from this Committee.

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The Committee was informed that since the last meeting there had been no further updates shared regarding the Department for Levelling Up, Housing and Communities (DLUHC) plan to introduce backstop dates for publication of prior years' local authority accounts. It was further reported that the Council had not yet received responses to consultations on the proposed backstop dates and the potential Code of Audit Practice changes undertaken by DLUHC and the National Audit Office (NAO) respectively. The External Auditor commented that if the backstop dates were to come into effect, the auditors most likely would be unable to audit the 2020-21 accounts by the first proposed backstop date of 30<sup>th</sup> September 2024.

It was noted that if the outstanding £64,000 could not be reconciled, it would be apportioned manually to the right transaction codes. It was noted in relation to code reconciliation that the External Auditor data team had submitted three further queries regarding data reconciliation. Once these queries had been resolved, no further work would need to take place on opening balances for 2020-21 accounts.

**RESOLVED that**

**the External Auditor Progress Report and Sector Update be noted.**

## **10. INTERNAL AUDIT PLAN 2024-2025**

The Internal Audit Plan for 2024-25 was presented for Members' consideration. It was reported that this Internal Audit Plan had a resource allocation of 328 chargeable days, an allocation agreed with the Council's Section 151 Officer. In the plan, the level of management time required was reassessed and reduced by 24 days (40%), reallocating this to productive work. It was reiterated that within this Plan it was important to allow for flexibility such as responding to emerging risks should the need arise.

It was reported that the Worcestershire Internal Audit Shared Service (WIASS), which provided internal audit service for the Council, had recently recruited two senior auditors. The organisation would soon be operating back at full staffing levels. It was noted WIASS would be setting aside a £5,000 budget for professional development of its staff to ensure retention and

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benefits to both the individual members of staff and the organisation.

Members queried the level of slippage in 2023-24 and the potential impact of this on the delivery of the 2024-25 Internal Audit Plan. The Head of Worcestershire Internal Audit Shared Service responded that the Plan for 2023-24 was reviewed and non-essential reviews on that plan were curtailed. This was in the context of staff vacancies that the service experienced through much of 2023-24. It was hoped that the Annual Internal Audit Report for 2023-24, which would be presented at the July meeting of the Committee, would have full coverage for that year. In terms of 2024-25 Internal Audit Plan, it was reported that the slippage in the previous year would not impact on 2024-25 Plan delivery as appropriate contingencies had been built in.

It was reiterated that elected members could send any comments and queries relating to internal audit directly to the Head of Worcestershire Internal Audit Shared Service.

**RESOLVED that**

**the 2024-25 Internal Audit Plan be approved.**

## **11. FINANCIAL SAVINGS MONITORING REPORT**

The Deputy Chief Executive and Section 151 Officer reported that at Quarter 3 (as of March 2024) the overall budget position was a £383,000 overspend after application of the 2023-24 Utilities Reserve. The final Outturn Report for 2023-24 was to be presented to the Executive Committee on 9<sup>th</sup> July.

In relation to Departmental Savings, it was reported that these were on track for delivery for 2023-24, with two amber items that required careful monitoring:

- The Service Reviews (Establishment) – The savings figure should be achieved, covered by the difference between staffing vacancies and agency staff. A full Council Establishment Review was being undertaken which would confirm the ongoing position and put in place processes to keep tight control of staffing changes, including linking people to positions. It was noted there were around 110 agency staff across an organisation of circa 800 staff. It was

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highlighted that the Establishment accounted for almost 50 per cent of the Council's controllable budgets.

- The Capacity Grid project, recouping old Council Tax and Business Rates debt was in mid flow. Presently levels for pre 2023/4 were £337,000 of Council Tax and £32,000 of Business Rates. £3.5m of Council Tax debt and £468k of Business Rates debt was currently being assessed.
- In relation to the red item as in the January 2024 Savings Monitoring Report, the Finance Vacancies, the saving figure would not be delivered as additional resource had been employed to progress work on completing outstanding years' Statements of Accounts. 5 staff had been recruited to start at the beginning of 2024-25 financial year and this would result in reduced costs over charges incurred to date for employing Agency staff.

It was reported that the largest savings item was on pension costs which link to the 2023 triennial revaluation. These revised figures run for three years. There was a risk that these figures would increase when the next triennial revaluation takes place from the 2026/27 financial year.

Following the report presentation, some Members expressed concern about the overspend position. It was explained that the overspend position was mainly due to the staff pay awards, as there had been two consecutive pay awards of circa 6 per cent in 2022-23 and 2023-24. It was explained that the salary increases were not funded by central government, but through the Council's budget. The Council had allowed for 3 per cent pay award in its 2024-25 budget.

It was explained that the overspend was partly offset by the lower-than-anticipated utilities inflation. The Council had originally set up utilities reserve in 2022-23, for assumed utilities inflation of 200 per cent. Due to lower than assumed inflation, for 2023-24, a budget to account for 100 per cent utilities inflation was set up and the other 100 per cent was converted to a reserve. The actual utilities inflation in 2023-24 was at 70 per cent. The amount remaining based on underspend in 2023-24 utilities budget would be released back into the General Fund.

It was explained that the 2024-25 Quarter 1 Financial Savings Monitoring Report would include proposals on how the £383,000

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overspend position stated in this report had been addressed. In relation to the Council's income, it was reported that the Council generated yearly income of circa £2-3 million through fees and charges. It was noted that risks in terms of costs were highly variable, cost increases being experienced in areas such as claims for tree damage (insurance), and Council property assets.

**RESOLVED that**

**final position on the 2023-24 Departmental Savings Programme be noted, including any potential implications for future years.**

## **12. ANNUAL APPOINTMENT OF RISK CHAMPION**

Councillor Joanna Kane was nominated to the position of Risk Champion for the 2024-25 municipal year.

The nomination was put to the vote and it was

**RESOLVED that**

**Councillor Joanna Kane be appointed as the Council's Risk Champion in the 2024-25 municipal year.**

## **13. COMMITTEE WORK PROGRAMME**

The Committee Work Programme was submitted for Members' consideration.

**RESOLVED that**

**the contents of the Committee's Work Programme be noted.**

## **14. EXCLUSION OF THE PRESS AND PUBLIC**

It was agreed that exclusion of the press and public was not necessary in relation to Minute Item 15. Financial Compliance Report including update on Statements of Accounts. The meeting remained in public session for its entire duration.

## **15. FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON STATEMENTS OF ACCOUNTS**

The Deputy Chief Executive and Section 151 Officer introduced the report and updated Committee that the draft Statement of Accounts



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for 2020-21 was published as an appendix to this report. Members were invited to offer comments on the draft until the end of the week. In terms of timescales for publication of unaudited, drafts accounts on the Council's website, it was hoped that draft Accounts for 2021-22 could be published by late June and draft 2022-23 Accounts by late August 2024.

As reported earlier in the meeting, the Council had responded in early March to consultations from the Department for Levelling Up, Housing and Communities (DLUHC) and the National Audit Office (NAO) concerning backstop audit proposal and the Code of Practice. To date there had been no update on the process following the consultation period.

It was reported that the Council's external auditors from 2023-24 financial year, Bishop Fleming, were currently working on the Council's Value for Money conclusion for 2023-24 with the information that was available in light of the backlog in the Council's completed Statements of Accounts. Bishop Fleming were still waiting for the formal outcomes of the various consultations (NAO, DLUHC and CIPFA) which took place earlier this year and were not certain what this would mean for any audits which are likely to have disclaimed audits up to and including 2022-23. Their view was that it was better to pause any audit plans for years 2023-24 onwards for now.

In response to a Member question, it was noted that due to previous cash receipting issues the Council had not been able to complete detailed VAT returns for 2020-21 and 2021-22. The Council had resolved its cash receipting issue, however, it remained in conversation with HMRC over claiming back VAT returns.

**RESOLVED that**

**the progress on the 2020-21 Audit process be noted.**

The Meeting commenced at 7.00 pm  
and closed at 8.16 pm