

## **Audit and Corporate Governance Committee – Meeting held on Monday, 30th September, 2024.**

**Present:-** Councillors O’Kelly (Chair), Anderson and Satti

Co-Opted Members:- Tony Haines and Jen Simpson

**Apologies for Absence:-** Councillors Akram, Escott, Mohindra and Zarait

### **PART 1**

#### **18. Declarations of Interest**

No interests were declared.

#### **19. Minutes of the Last Meeting held on 10th July 2024**

**Resolved –** That the minutes of the meeting held on 10th July 2024 be approved as a correct record.

#### **20. Action Progress Report**

**Resolved –** That details of the Action Progress Report be noted.

#### **21. Update on Annual Governance Statement 2023/24**

The Committee received details of an update on progress against the Action Plan in the Annual Governance Statement 2023/24 (AGS). Appendix 1 outlined out the progress to date on the AGS actions and it was highlighted that the reporting had been changed to incorporate a RAG rating. Whilst there were a number of red and amber ratings, this was due to new senior leaders reviewing their service priorities. Improvements in governance remained a key focus of the Council’s improvement plans and senior officers would continue to focus resources on this. The particular areas of concern at this stage were outlined as set out in the report.

The Chair expressed concern regarding the loss of corporate memory following staff turnover and emphasised the necessity for the implementation of governance processes. It was also stated that improvements would not be made until there was proper engagement and ownership on actions from the corporate leadership team.

The Head of Legal Services informed the Committee that although the overall rating on a number of actions remained the same, substantial progress had been made on these actions. It was agreed that further details on direction of travel against actions, specifically corporate culture, to highlight progress made, would be included in future reports, albeit if the overall rating for the action remained the same.

**Resolved –** That details of the report including progress made against the actions contained in the Annual Governance Statement 2023/24 be noted.

**22. Local Government & Social Care Ombudsman (LGSCO) - Statutory & Corporate Complaints Summary 2023/2024**

The Complaints, Casework & FOI Lead set out details of the report which summarised the upheld complaints determined by the Local Government and Social Care Ombudsman (LGSCO) and a summary of statutory and corporate complaints during 2023-24. It was noted that there was typo in the report and that the number of Stage One complaints received in 2023/24 should read 773 and not 7773.

A total of 47 complaints were investigated by the LGSCO in 2023/24 of which 43 were determined no further action required and 4 were upheld – which related to SEN. Responding to whether there had been an increase in the number of complaints over the past few years, the Committee was informed that there had been a decrease in the number of complaints over the years and lessons learnt and changes in practices were essential for continuous improvement.

A Member queried how accessible it was for residents to submit a complaint and the Director of Strategy and Engagement informed the Committee that a review of the customer service team was planned which would be an opportunity to reduce the number of contacts residents had to make with the council to obtain the information they required in order to submit a complaint. It was noted that service improvements were critical in order to regain the trust of residents.

**Resolved –**

- (a) That the summary of upheld decisions by the Local Government and Social Care Ombudsman during 1st April 2023 - 31 March 2024 (Appendix A) be noted.
- (b) That the summary of statutory and corporate complaints during 1st April 2023 – 31 March 2024 be noted.
- (c) That the themes identified and the actions being taken to respond to these be noted.
- (d) That the review against the LGSCO and Housing Ombudsman Codes as set out in Appendix C be noted.

**23. Risk Update Quarter 1 Report**

The Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance provided a high-level overview of the current corporate risks. Risk scores had been amended as appropriate, at times reflecting previous scores

which may not have been a fair reflection of the prevailing risk situation. Moving forward, the Committee would be provided with exception reporting of the corporate risks, including highlighting changes to the corporate risks and the overall risk profile of the Council.

It was explained that Definition of Risk Appetite for a range of risk categories assisted an organisation to understand the level of risk that that was deemed to be acceptable. This could form the basis of understanding whether current risk levels were outside of appetite, and could drive the actions or mitigations required to reduce risk. It could also drive risk reporting by focussing on risks that exceeded the acceptable level of risk.

In July 2024, the Corporate Leadership Team provided recommendations for the Risk Appetite for a range of risk categories as set out in Appendix B to the report. Members were requested to review this assessment and consider whether it adequately addressed the risks and priorities of the Council at this time. In August 2024, an experienced Interim Risk Manager was appointed to fill a post that has been vacant since 2023 and had worked with senior officers to discuss effective risk management and review corporate and directorate risks.

In response to what the main areas of concern were and whether there ought to a reduction in the number of risks to focus on the key priorities, it was explained that the Risk Manager was in the process of looking at the methodology used and speaking to service departments and it was too early to define which risks were more significant. It was agreed that an update would be provided at the next scheduled meeting.

**Resolved –**

- (a) That the CLT recommendations for Risk Appetite as set out in Appendix A for each of the risk categories be endorsed.
- (b) That the Quarter 1 2024/25 Risk Update be noted.

**24. Corporate Fraud Team Annual Report 2023/24**

The Corporate Fraud Manager provided the Committee with an update of the work of the Corporate Fraud Team towards preventing, detecting, and investigating fraud against the Council during 2023/2024. Key highlights from 2023/24 included:

- Continued partnership with Suffolk and Oxford Councils to carry out financial investigations (POCA).
- Successful prosecution in fraudulent Direct Payments case now with Financial Investigator to recoup the £169,453.00 overpayment.
- Participation in New Homes Bonus initiative added £266,743.05 (after costs) to the amount paid in the grant received from Central Government

## **Audit and Corporate Governance Committee - 30.09.24**

- The CFT closed a total of 123 cases for period 1 April 2023 to 31 March 2024.
- Successful prosecution of a case started in 2001.

Members were reminded that a review of the service was carried out by CIPFA in 2022, following which an action plan had been formulated. A Co-Opted Member asked about progress made against the key recommendations in the action plan to improve the authority's counter fraud arrangements and was informed that the Committee would receive quarterly updates on progress made against the action plan.

**Resolved –** That details of the report be noted.

### **25. Update on Internal Audit**

The Interim Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance introduced the report which set out a summary of Internal Audit reports issued and those that were in progress, as set out in the appendix to the report. It was noted that a number of recommendations arising from the audits had not been implemented as agreed and this was due in part to the high turnover of staff in senior positions and also as a result of poor record keeping. This contributed to the rationale for conducting an internal audit of corporate memory.

A number of Members expressed concern that the internal audit function was not sufficiently resourced and as a result left the authority exposed to risk and internal control issues. The Chair informed the meeting that he was due to attend a meeting later in the week with the S151 Officer to address resourcing issues and requested that he be copied into submissions made by the Head of Internal Audit to the corporate management team requesting for additional internal audit resources.

The Executive Director Finance and Commercial informed the meeting that outstanding internal audit recommendations had been reviewed and whilst they were accepted, sufficient resources were required to implement them. It was agreed that an update on the progress to date and next steps to close out the finance and commercial internal audit recommendations would be submitted to the November meeting.

A Member sought assurance from the Head of Internal Audit that a plan, together with sufficient resources, was in place to enable the work of internal audit to be adequately implemented. It was agreed that an update report would be provided to the Committee in November. The Chair stressed the importance of ensuring that the internal audit was functioning properly given that the Head of Internal Audit Opinion contributed to the Annual Governance Statement which in turn flowed to the external auditors overall governance assessments for the authority.

**Resolved –**

- (a) That the update in Appendix A on the internal audits completed to date this year be noted.
- (b) That the progress to recruit staff and other resources to the Internal Audit service be noted.
- (c) That the approach to Internal Audit Planning for 2024/25 be approved.

**26. Backlog Statement of Accounts 2019/20 to 2022/23 Update Report**

The Director of Corporate and Strategic Finance provided an update on the process and revisions to the timetable to complete the backlog on the Statement of Accounts. The Committee was informed that a revised backstop audit date of 13 December 2024 had been given to publish statement of accounts up to and including 2022/23 and 28 February 2025 for the 2023/24 accounts.

Members were reminded that significant legacy issues arising from lack of historic reconciliations, inadequacy of accounts postings and evidential record keeping had had a significant impact on the ability to publish draft accounts within the timetable as reported to the Committee at its meeting in July 2024.

Responding to whether the revised deadline for submission of 2023/24 accounts from May to February 2025 would be met, it was explained that additional specialised resources had been brought in to both identify and provide a clear idea of the scale of issues.

A Member asked about the reconciliation of historic collection fund account records and the amount of funds/monies this related to. The Director of Corporate and Strategic Finance stated that the identification of incorrect NNDR3 reports dated back to 2018/19 which meant that the collection fund adjustment account entries had been incorrect with potential implications for the council's usable reserves if not corrected. It was noted that the council's consultant was working to re-submit the 2018/19 NNDR3 report (in line with balances signed off in the 2018/19 audit) and that this would impact the opening position for 2019/20 onwards, including 2021/22.

**Resolved –**

- (a) That the changes to the deadlines for production of 2019/20 to 2022/23 audited Statements of Accounts and the 2023/24 audited Statement of Accounts as set out in paragraph 3.2 of the report be noted.
- (b) That the progress and current position regarding finalisation of backlog Statements of Accounts for financial years 2021/22 and 2022/23 as set out in paragraphs 4.2 to 4.8 of this report be noted.

- (c) That the revised timetable for completion of backlog Statements of Accounts to 2023/24 as set out in Appendix 1 to the report be noted.

**27. Treasury Management 2024/25 Quarter 1 Report**

The Director of Strategic & Corporate Finance set out the Treasury Management Quarter 1 position (April – June) for the year 2024/25. Investment balances were £17.46 million as at 30 June 2024. Returns on investments during the reporting period were £275k against an interest receivable budget of £313k, an under performance of £38k or -12%. This was accounted for due to the lower levels of balances resultant from debt repayment. External borrowing reduced from £459.4 million as at 31 March 2024 to £449.5 million as at 30 June 2024. This included temporary borrowing of £14.5m that was repaid in July. It was noted that although the position was slightly below what was forecast for the period, it was in line with budget assumptions overall for the year.

It was noted that a refresh of the Treasury Management Strategy would be scheduled for consideration at a future meeting due to an unrealistic target in the current strategy of ascertaining £400m asset sales by 2027. It was agreed that further treasury management training would also be provided to the Committee.

**Resolved –** That the Treasury Management Quarter 1 Report 2024-25 as set out in Appendix 1 be noted.

**28. External Auditors Update on Backstop for Audited Bodies**

Julie Masci, the Council's Lead External Auditor updated the Committee on the current position in regard to applying the backstop on the Statement of Accounts for years up to 2022/23.

The Chair asked whether the audit opinion for 2022/23 was likely to be a Disclaimer of Opinion. The Committee was reminded that a Disclaimer of Opinion was given for 2018/19 and the impact of this opinion would also have consequences for the council for subsequent years too. Responding to whether the lack of external audit resources nationally was likely to have an impact on the external auditor's ability to carry out the audits required and meet statutory deadlines, it was recognised that whilst it would be challenging, working opinions were in place and additional resources had been brought in to deliver on the deadlines.

**Resolved –** That details of the update be noted.

**29. Members Attendance Record 2024/25**

**Resolved –** That the Member's Attendance Record be noted.

**Audit and Corporate Governance Committee - 30.09.24**

**30. Date of Next Meeting - 13th November 2024**

There would be an extraordinary meeting of the committee held on 31<sup>st</sup> October 2024. The next scheduled meeting would be held on 13<sup>th</sup> November 2024.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.40 pm)