

Audit and Standards Committee

Date: Thursday 3 November 2022
Time: 10.00 am
Venue: Committee Room 2, Shire Hall

Membership

John Bridgeman (Chair)
Councillor John Cooke
Councillor Sarah Feeney
Councillor Bill Gifford
Councillor Brian Hammersley
Councillor Christopher Kettle
Councillor Bhagwant Singh Pandher
Robert Zara (Independent member)

Items on the agenda: -

- 1. General**
 - (1) Apologies**
 - (2) Disclosures of Pecuniary and Non-Pecuniary Interests**
 - (3) Minutes of the previous meeting** 5 - 10
- 2. Warwickshire County Council and Warwickshire Pension Fund Statement of Accounts 2021/22 - Progress Update** 11 - 32
- 3. Appointment of Auditors** 33 - 36
- 4. Annual Governance Report** 37 - 44
- 5. Work Programme and Future Meeting Dates** 45 - 46
To consider items for the Committee's Work Programme and note the dates of future meetings to be held at Shire Hall, Warwick, as follows:
 - 24 March 2023
 - 25 May 2023
 - 20 July 2023
 - 21 September 2023
 - 30 November 2023
 - 21 March 2024

All meetings to commence at 10am.

6. Any Other Business

7. Reports Containing Confidential or Exempt Information

To consider passing the following resolution:

‘That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.’

8. Exempt Minutes of the Meeting of the Audit and Standards Committee Held on 21 July 2022 47 - 50

9. Internal Audit Update 51 - 58

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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Disclosures of Pecuniary and Non-Pecuniary Interests

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. Any changes to matters registered or new matters that require to be registered must be notified to the Monitoring Officer as soon as practicable after they arise.

A member attending a meeting where a matter arises in which they have a disclosable pecuniary interest must (unless they have a dispensation):

- Declare the interest if they have not already registered it
- Not participate in any discussion or vote
- Leave the meeting room until the matter has been dealt with
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests relevant to the agenda should be declared at the commencement of the meeting.

The public reports referred to are available on the Warwickshire Web
<https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1>

Public Speaking

Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Democratic Services in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

COVID-19 Pandemic

Any member or officer of the Council or any person attending this meeting must inform Democratic Services if within a week of the meeting they discover they have COVID-19 or have been in close proximity to anyone found to have COVID-19.

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Audit and Standards Committee

Thursday 21 July 2022

Minutes

Attendance

Committee Members

John Bridgeman (Chair)
Councillor John Cooke
Councillor Sarah Feeney
Councillor Bill Gifford
Councillor Brian Hammersley
Councillor Christopher Kettle
Councillor Bhagwant Singh Pandher
Robert Zara (Independent member)

Officers

Virginia Rennie, Strategy and Commissioning Manager (Strategic Finance)
Paul Clarke, Internal Audit Manager
Andy Carswell, Democratic Services Officer
Gary Morris, Technical Specialist - Accounting Standards
Sarah Duxbury, Assistant Director - Governance & Policy
Andy Felton, Assistant Director - Finance
Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Risk & Insurance)
Rob Powell, Strategic Director for Resources

Others Present

Avtar Sohal (Key Audit Partner, Grant Thornton)

1. General

The Chair informed members that due to an admin error Item 3 had initially not been included on the agenda when it was published. As the statutory deadline had passed, the Chair had been asked if this could be added as an urgent item. The Chair informed members it was important that the auditors' fees were agreed without undue delay and he had agreed to the request to add the item to the agenda, rather than convene a separate meeting. He stated this had been done properly in accordance with Section 100B(4) of the Local Government Act 1972.

(1) Apologies

There were none.

(2) Disclosures of Pecuniary and Non-Pecuniary Interests

There were none.

(3) Minutes of the previous meeting

Regarding Item 6 on the minutes of the previous meeting, it was clarified that in relation to the issue of accruals Councillor Chris Kettle was expressing his opinion on the matter and it would be dealt with outside of the meeting. It was confirmed this had taken place and Councillor Kettle was satisfied there was compliance. Subject to this amendment, the minutes of the meeting of the Audit and Standards Committee held on 19 May 2022 were agreed as an accurate record to be signed by the Chair.

2. External Audit Report - Warwickshire Pension Fund Annual Audit Plan, Fee Letter 21/22

The item was introduced by Avtar Sohal (Grant Thornton), who advised the report followed the same principles as those that had been produced in previous years. The report had identified management override of controls and the valuation of Level 3 investments as being the most significant risks. However Avtar Sohal clarified it was not unusual for audits of local authorities to have management overrides flagged as an area of concern, as many would routinely make overprudent estimates to make their financial position look better. Additionally it was not unusual for Level 3 investments to be flagged as a risk, due to levels of financial information relating to them not always being readily available.

Regarding materiality, approximately £1.25million in mis-statements had been reported, which equated to around one per cent of the Fund's total assets. Avtar Sohal said any errors above this figure would need to go into the Audit Findings Report. He said the Audit Findings Report was on track to be signed off before the statutory deadline, although the amount of work Grant Thornton was having to carry out in relation to audit requirements was increasing. He said if the report was delayed for any reason then Warwickshire County Council would be informed as soon as possible, after the Chair noted there had been previous instances of Council finance staff having to work late or at weekends to make sure the deadline was met.

Responding to a question from the Chair in relation to Level 3 investments, Avtar Sohal said checks were made in accordance with the appropriate guidelines and methodology. Responding to a question from Robert Zara, Avtar Sohal explained that some Level 3 investments were more subjective and did not correlate to stock market levels; for example, the value of a property that the Council might own was subject to market value data. He also explained that the use of the word 'trivial' to explain debts or mis-statements was an industry standard, even in cases where significant sums of money were involved. If an error was found then this would be raised and management at Warwickshire County Council would be given the opportunity to amend their financial statements. Grant Thornton had to decide what would be an appropriate level of triviality. Chris Norton (Strategy and Commissioning Manager - Treasury, Pension, Audit and Risk) said that an example of a Level 2 investment was one within a partnership such as Border to Coast, where the Council was not a shareholder but did have a share in the business.

Councillor Kettle said there had been a lot of press coverage about increasing inflation and interest rates. In particular, interest rates had risen significantly in a short period of time and Councillor Kettle said this would have a serious impact on the Pension Fund and the value of the Council's

portfolio. Councillor Kettle also stated his belief that the definitions for Level 2 and 3 investments should be more clearly defined in the Fee Letter, to allow people to have a better understanding of what was being audited and how the valuations might be reached. Avtar Sohal said inflation and valuations had been included in the Audit Findings Report as areas of significant risk. He said more detailed information on the different types of investment could be included within the Audit Findings Report, but felt it was not appropriate for it to be included in the Fee Letter.

Councillor Brian Hammersley asked if there was any information available as to the percentage of investments that were held in Levels 1, 2 and 3. Andy Felton (Assistant Director, Finance) said this could be circulated to members, along with descriptors of what each investment level entailed. Chris Norton said the majority of them would be in Level 3. Andy Felton said materiality needed to be separated from the remainder of the accounts, in order to provide a fairer and more accurate financial position.

Regarding the £2.2million overpayment that had been referred to in the previous meeting, Andy Felton said this was an authorised payment and, technically speaking, was not a debt or a write-off.

Councillor Kettle said it would be useful to have an understanding of the methodology used for valuing Level 3 investments. He said there had been delays in providing information to the auditors in previous years due to the Covid pandemic and this had been understandable as it was a complex and unforeseen event. However Councillor Kettle stated his concern that potential reasons were already being put in place to explain why the deadline of 30 November could be missed. The Chair reminded members that an assurance had already been given by the auditor that the deadline would be met and Andy Felton said this would be delivered. Andy Felton said the valuation methodology was formulated by officers, who would then liaise with Grant Thornton and other investment partners to check the methodology was workable and the most appropriate way of progressing. Chris Norton said the governance arrangements were such that Council officers would look at the accounts in the first instance, and if a more detailed analysis was needed then this would be undertaken by Grant Thornton. Chris Norton stated that in the most recent financial year, more than £400million had been invested in private accounts.

Councillor Kettle said the instruction for the Fee Letter was broadly the same as last year's, but said reference to inflation and interest rates as risks had not been included. There had also been changes to the portfolio, particularly the increase in the number of Level 3 investments. Andy Felton said that this fell within the scope of what Pension Fund officers were working on. Although inflation rates may change, this did not alter officers' procedures and they would continue to make sure the valuation was in line with the accounting standards. Councillor Kettle said he would like to see more 'personalisation' included in the Fee Letter. Avtar Sohal said the Fee Letter needed to be approved by the Public Sector Audits Appointment, which was a national benchmarking exercise to ensure any fee increases were in line with the relevant standards.

Members unanimously agreed to approve the Annual Audit Plan and Fee Letter.

3. Audit Plan 2021/22

The item was introduced by Avtar Sohal, who highlighted the main risks that had been identified. These were management override of controls; valuation of land and buildings; and value of net defined liability. Material statements on valuations were completed every month, meaning there

was a higher chance of a mistake being made. Valuations would be compared on a year-on-year basis and these would be highlighted in the final version of the report. Virginia Rennie (Strategy and Commissioning Manager, Strategic Finance) confirmed that valuation comparisons would take place as part of the quality assurance process, and any discrepancies would be clarified with the auditors.

Virginia Rennie said an external company was commissioned to carry out the valuations. Properties could be assessed on their market for sale value, whereas the cost of roads was assessed on their historical value and how much money had been spent on them. Schools would have displacement costs associated with them if there was a need for them to be replaced. Virginia Rennie said the valuer had changed this year, and they were being commissioned on a three-year contract. Responding to a question from Councillor Sarah Feeney, Virginia Rennie said property valuations were based on their present use and potential change of usage was not taken into account.

Councillor Kettle said potential impacts of inflation on valuations and statements had not been recognised in the report. Virginia Rennie highlighted that inflation and interest rates had been included in the report as an area of uncertainty and there were risks associated with this. The Chair said it had been noted earlier in the meeting that this had been audited and appropriate actions to take had been agreed by the Council. Councillor Kettle said although he accepted officers would do everything they could to mitigate risks, he said the auditors had not specifically raised it as a risk. Gary Morris (Technical Specialist, Accountancy Standards) explained the role of the auditor was to ensure a true and fair opinion was being issued in the financial statements, so they would look for different risks compared to those Council officers would highlight.

Responding to a point raised by Councillor Kettle regarding derecognising infrastructure assets, Avtar Sohal said there had been a big challenge in forming valuations of assets for the purposes of financial statements. He explained that if work took place on an asset, then its value would be carried forward. However there was disagreement if this was the correct course of action. Virginia Rennie said this was a national issue, and a consultation regarding infrastructure assets had been taking place. This meant the draft accounts could not be published until after the consultation had finished, and it had concluded on 26 June. Virginia Rennie said the accounts had been marked as saying there were in draft form, subject to clarification from the outcome of the consultation, so as not to delay the auditors.

Councillor Feeney asked how the auditors demonstrated the effectiveness of schemes that had a risk of not showing good value for money, such as SEND, by balancing the spend against the outcomes. Avtar Sohal said it wasn't just financial considerations that were taken into account; for example regulatory reports and procurement also formed part of its valuation. The auditors would then look at whether the recommendations in the report had been taken seriously and acted upon, and what progress had been made. If there had not been sufficient progress then this would be highlighted as a risk.

The Chair said the Financial Reporting Council had chosen Warwickshire County Council to be examined in relation to the two areas of significant weakness. He said the FRC had been in touch with him, as well as Warwickshire County Council, to make sure these two areas of weakness were recognised. Andy Felton said Warwickshire had been chosen at random. He said the timing of the previous audit had been unfortunate as it had coincided with the SEND review, and this had impacted on its value for money. He highlighted that in spite of this, the key performance indicator

relating to SEND had been amber rather than red. The Chair told members that the FRC would be made public in due course.

4. Work Programme and Future Meeting Dates

Members noted the contents of the work programme and the dates of future meetings.

5. Any Other Business

There were no additional items to discuss.

6. Reports Containing Confidential or Exempt Information

Resolved:

That members of the public be excluded from the meeting for items 7 and 8 on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

7. Exempt Minutes of the Meeting of the Audit and Standards Committee Held on 19 May 2022

The exempt minutes of the meeting held on 19 May 2022 were agreed, subject to a small amendment being made.

8. Internal Audit Update

Members received a confidential update.

The meeting rose at 11.37am

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Chair

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Item X

Audit and Standards Committee

3 November 2022

Warwickshire County Council and Warwickshire Pension Fund Statement of Accounts 2021/22– Progress Update

Recommendation

The Committee is asked to:

- i. Consider the progress on the audit of the 2021/22 Statement of Accounts and consider the progress report of the External Auditors, attached at Appendix A;
- ii. Note and comment on the proposed wording on the reason for the delay to the publication of the accounts with an audit opinion to be used on the Council's website, attached at Appendix B, which will be finalised by the Strategic Director for Resources in line with statutory requirements; and
- iii. Agree to the timetable of planned meetings of this Committee being changed to meet the revised timetable for the approval and publication of the 2021/22 accounts, when this is known.

1. Key Issues

- 1.1. This report presents an update on the progress of the audit of the Statement of Accounts for 2021/22 and other sector issues highlighted by our external auditors.
- 1.2. The draft Statement of Accounts for Warwickshire County Council including the Narrative Statement, Annual Governance Statement and the Accounts of the Warwickshire Pension Fund were published on 25 July 2022, in advance of the 31 July deadline. The documents were then provided to our external auditors to enable them to begin the audit at the same time. The statutory deadline, in accordance with these regulations, for completion of the audit and publishing the 2021/22 audited accounts with an audit opinion, in accordance with the Accounts and Audit (Amendment) Regulations 2022 (SI2022/708) is 30 November 2022. Thereafter this deadline reverts to 30 September for the years up to 2027/28.

- 1.3. Due to a number of factors beyond our (and their) control, our external auditors, Grant Thornton, are not in a position to complete the audit by 30 November 2022. We are therefore required to re-publish the unaudited accounts, with any required amendments we know about, by 30 November. This re-publishing has to be accompanied by a statement saying why the accounts do not contain an audit opinion.
- 1.4. A progress report from the External Auditors which provides more detail on the latest position is attached at **Appendix A**. In addition, the report also covers a sector update including briefings on topics such as the Department for Levelling Up, Housing and Communities response to the local audit consultation, Audit Committee effectiveness and the value of internal audit. The audit partner lead will attend the meeting to present their report. The Committee is asked to consider the report attached at Appendix A.
- 1.5. A draft of the statement we plan to issue, saying why the accounts do not contain an audit opinion, is attached at **Appendix B**. This is similar wording, except for the change to the reasons for the delay, that was issued last year. The Committee is asked to note the statement attached at Appendix B which will be finalised by the Strategic Director for Resources in line with statutory requirements.
- 1.6. Officers within the authority have worked and continue to work closely with our auditors. Work is progressing well and we have discussed with Grant Thornton the options for the timing of completion of this year's audit, the reporting to Audit and Standards Committee of the outcome of the audit and scrutiny of the Accounts and Council to approve the Accounts for publication and presentation of the Auditors Annual Report.
- 1.7. The timing is dependent on when the expected statutory instrument on the accounting for infrastructure assets is enacted. It is likely to mean the accounts and Audit Letter will be brought to full Council for approval/consideration on either 7 February 2023 or 19 March 2023. In either case there is no Audit and Standards Committee scheduled to consider the reports of the external auditors or consider the statement of accounts prior to these meetings. It is therefore recommended either the March 2023 meeting of this Committee is rescheduled or an additional meeting in January 2023 is put in place, once we know the timing of the expected statutory instrument.

2. Financial Implications

- 2.1. There are no financial implications as a direct result of this report.

3. Environmental Implications

3.1. None.

4. Background Papers

4.1. None.

	Name	Contact Information
Report Author	Virginia Rennie	vrennie@warwickshire.gov.uk
Assistant Director	Andy Felton Assistant Director for Finance	andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin Portfolio Holder, Finance and Property	peterbutlin@warwickshire.gov.uk

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Warwickshire County Council and Warwickshire Pension Fund Audit Progress Report and Sector Update

Year ending 31 March 2022

24 October 2022



Contents

Section	Page
Introduction	3
Progress at October 2022	4
Results of Interim Audit Work	8
Audit deliverables	10
Sector Update	11

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Your key Grant Thornton team members are:

Avtar Sohal

Key Audit Partner

T 0121 232 5420

E avtar.s.sohal@uk.gt.com

Jim McLarnon

Senior Manager

T 0121 232 5219

E james.a.mclarnon@uk.gt.com

Lena Grant-Pearce

Assistant Manager

T 0121 232 5397

E ellena.grant-pearce@uk.gt.com

This paper provides the Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at October 2022 – Warwickshire County Council

Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022, and began our work on your draft financial statements in late July. The results of our work to date are included in this report.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

Per our audit plan communicated in July, we intended to report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 30 November 2022 in line with the above deadline.

Members may be aware that followings findings that come to light late on in the 2020/21 reporting cycle, CIPFA established a Task and Finish Group to address an issue regarding the derecognition of parts of infrastructure assets following 'replacement' expenditure. For highways Authorities in particular, this presents a risk of material misstatement and has led to the delay in sign-off of residual 2020/21 opinions and has been a key consideration in audit work performed by firms in 2021/22.

The Department for Levelling Up, Housing and Communities are continuing to work on a Statutory Instrument (SI), with a plan to this being laid in Parliament on 30 November 2022 and coming into force on 25 December 2022. They continue to liaise with audit firms, and It therefore is hoped that this SI, together with updates to the CIPFA Code, will resolve the majority of the ongoing audit challenges related to Infrastructure Assets balances, thus avoiding any potential qualification of accounts.

Inevitably, based on the timing of the statutory instrument by Central Government, we are now in a position whereby we will be unable to give our opinion on the Statement of Accounts by 30 November 2022. This is consistent for all Authorities, regardless of location or audit firm, unless they hold immaterial infrastructure assets (some Districts, Fire, Police etc).

Notwithstanding this issue, we still anticipate that the audit of the financial statements will be substantially complete by the end of November as planned, pending final resolution of the matter.

We have discussed this issue in detail with senior management, including the Strategic Director for Resources, and are currently trying to establish a revised reporting date. Preliminary discussions have earmarked a potential February sign-off at full Council with a special Audit and Standards Committee meeting to be held prior to this. However, we await more information on the issuance of the Statutory Instrument and this is expected by the end of November.

Members should be assured that this is outside the control of both ourselves as Statutory Auditors and Officers of the Authority, and that the Council will still be able to meet its statutory duty to publish its accounts by 30 November by publishing draft accounts and including a note stating that the audit has been delayed.

Progress at October 2022 – Warwickshire County Council (cont.)

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor’s Annual Report is now no more than three months after the date of the opinion on the financial statements.

Our review of the value for money arrangements in place at the Authority are well progressed and we are on track to issue our draft Auditor’s Annual Report in November 2022. Due to the aforementioned delay in the financial statements audit opinion, we anticipate that this will be reported formally alongside the audit findings report and opinion on the financial statements in February 2023.

Progress at October 2022 – Warwickshire Pension Fund

Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022, and began our work on your draft financial statements in early July. The results of our work to date are included in this report.

We are pleased to report that our work on the pension fund is substantially completed and we have not identified any significant issues to bring to members attention.

We are currently in the process of drafting our IAS 19 letters of assurance to admitted bodies and intend on issuing these by the end of October, this includes the County Council and Districts.

While the Pension Fund is not impacted by the Infrastructure Assets issue, the scheme accounts form part of the wider County Council accounts as administering authority and therefore our audit opinion must be issued at the same time.

Progress at October 2022 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2021/22 is due to be completed by the November deadline.

Meetings

We met with Finance Officers in August and October as part of our periodic liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit and Standards Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Results of Audit Work to date

The findings of our audit work to date, and the impact on our reporting, are summarised in the table below:

	Work performed	Summary of key findings
Management override of controls Council and Pension Fund	<p>We have continued to apply our new approach to our testing of journal entries in 2021/22, utilising the inflo software. This provides the engagement team with effective assurance around the completeness of the population subject to testing and introduces more sophisticated risk assessment of journals for indications of management override of controls.</p> <p>We have identified relevant journal entries for testing for both the Council and the Pension Fund and have completed our work for the latter. The sample of transactions for the former is currently with management and we anticipate receipt of information in due course.</p>	<p>We have not identified any significant issues from our audit work performed to date on management override of controls.</p>
Valuation of land, buildings Council	<p>We have received the valuation report prepared by management's expert and working papers to support the 2021/22 revaluation exercise.</p> <p>Consistent with the prior period, we have engaged Montagu Evans LLP as our auditor's valuation expert to support the engagement team in review of the pertinent assumptions and to provide robust challenge of management. Our expert have completed their review of the work undertaken by management's expert and we have followed this up with the necessary inquiries.</p> <p>We are currently considering responses to these inquiries with our expert, and are awaiting supporting information from the Council's valuer to corroborate the assumptions and information used for a sample of assets revalued in the period.</p> <p>Investment properties are below our materiality level consistent with the previous year and therefore these are now out of scope.</p>	<p>We are currently discussing a change in valuation approach for schools with management. This has resulted in a significant increase in the value of said assets in 2021/22. Management's view in conjunction with their expert is that this constitutes a change in estimate and that the approach taken by previous valuers remains appropriate.</p> <p>We have considered management's response and information available and are consulting with our audit quality team and auditor's expert.</p> <p>We will report the outcome of our audit procedures in the audit findings report.</p>

	Work performed	Summary of key findings
Valuation of the net defined benefit pension liability Council	<p>We have substantially completed our review of the significant estimate of the net defined benefit pension liability, with the support of our auditor's expert PwC. In line with recommendations made in PwC's report, there are a number of areas that require further inquiry and we have addressed these. As part of our approach, we have requested assurance from the pension fund auditor in relation to processes and controls in place at the fund level.</p>	<p>We have not identified any significant issues from our audit work performed to date on the valuation of the net defined benefit pension liability.</p>
Valuation of Level 3 investments Pension Fund	<p>As a result of detailed substantive testing performed we have identified differences in the value of level 3 investments held with fund managers and the value recorded in the financial statements. The aggregated difference is £13.28m which is below our materiality threshold.</p>	<p>The difference identified is below performance materiality and therefore no amendment is required in the financial statements. As differences noted with three fund managers are above our trivial threshold, these will be reported in the audit findings report for members attention.</p>
Other areas Council and Pension Fund	<p>Our work on non-significant risk areas of the audit, including material balances and transactions and other scoped areas is substantially complete for the pension fund and well progressed for the Council.</p>	<p>We have not identified any significant issues from our audit work performed to date in other areas.</p>
Value for money Council	<p>We are well progressed in our assessment of the arrangements in place at the Authority to secure value for money against the three criteria of financial sustainability, governance and improving the 3 E's (economy, efficiency and effectiveness). This includes response to potential significant weaknesses identified in our audit plan in relation to regulatory reports on SEND arrangements and the Fire Service.</p> <p>As part of our approach we are concurrently drafting the relevant excerpts for the Auditors Annual Report.</p>	<p>Our value for money work is currently undergoing quality control through various tiers of review. We anticipate issuing our draft Auditor's Annual Report week commencing 21 November for management comment and will report our detailed findings following this.</p>
IT audit Council and Pension Fund	<p>Our dedicated IT audit team have performed a follow up of the detailed IT general controls review undertaken in 2020/21. This included key systems at the Council and Pension Fund including the Agresso general ledger, YourHR (iTrent), Active Directory and Altair.</p>	<p>The findings of the IT audit team notes that the majority of recommendations have been addressed by management with only one residual significant deficiency in relation to privileged access to the ledger by certain individuals. However, this is deemed necessary to fulfil their responsibilities.</p>

Audit Deliverables

2021/22 Deliverables

Audit Plan

We are required to issue a detailed audit plan to the Audit and Standards Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to report on the Authority's value for money arrangements in the Auditor's Annual Report

Planned Date

July 2022

Status

Completed

Audit Findings Report

This report communicates the findings from our work undertaken in order to give an opinion on the Authority's 2021/22 financial statements.

TBC – anticipated
February 2023

Not yet due

Auditors Report

This includes the opinion on your financial statements.

TBC – anticipated
February 2023

Not yet due

Auditor's Annual Report

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

TBC – anticipated
February 2023

Not yet due

2021/22 Audit-related Deliverables

Teachers Pensions Scheme – certification

This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.

Planned Date

30 November 2022

Status

Not yet due

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Response to local audit consultation – Department for Levelling Up, Housing and Communities (“DLUHC”)

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)



The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, [Rob Whiteman](#) share his views on this report.



Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

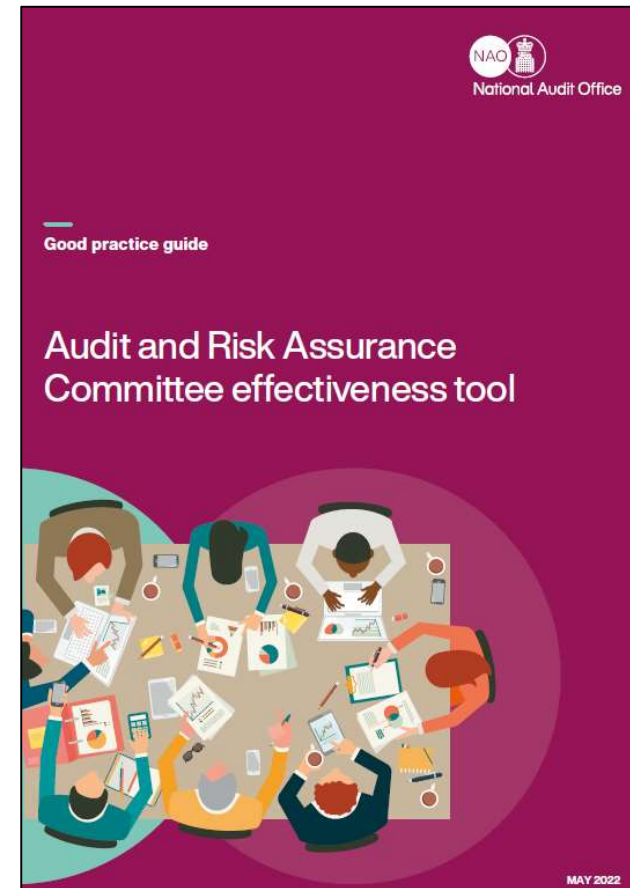
Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)

Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The guide includes sections on:

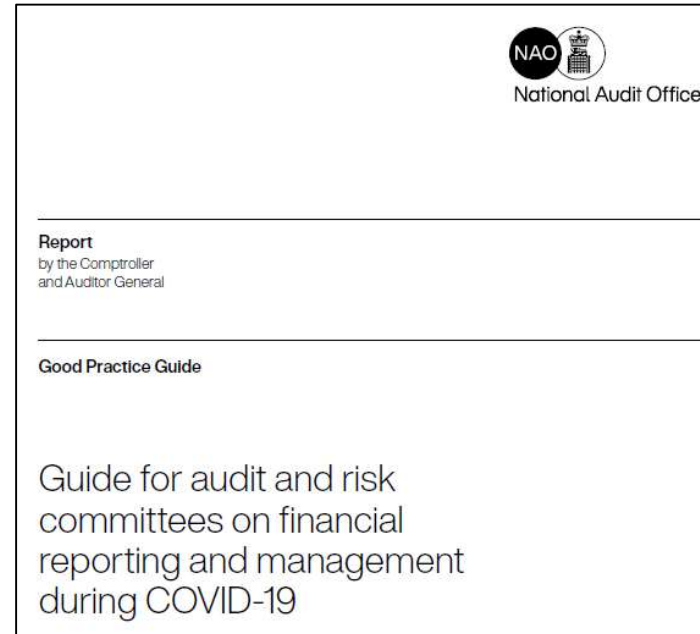
- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error





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Notice for Publication on the Council's Website

**WARWICKSHIRE COUNTY COUNCIL
EXTERNAL AUDIT OF ACCOUNTS: YEAR ENDED 31 MARCH 2022
Publication of Warwickshire County Council Statement of Accounts and Audit
Opinion**

**The Accounts and Audit (England) Regulations 2015 – Regulation 10
As Amended By
The Accounts and Audit (Amendment) Regulations 2021**

The audit of the draft statement of accounts for the year ended 31 March 2022 for Warwickshire County Council has not yet been completed by the external auditors, Grant Thornton UK LLP. The Accounts and Audit (Amendment) Regulations 2021 require that the audited accounts and opinion is published by 30 November 2022.

The delay has arisen due to a combination of factors, comprising the following:

- awaiting the issuing of a statutory instrument, by Government, setting out the required approach for accounting for infrastructure assets; and
- the capacity in the audit market to complete the level increased assurance work auditors are required to carry out nationally with respect to key risk areas such as pensions and asset valuations, whilst still dealing with the backlog of audits across the sector from previous years that are yet to be completed.

The audit and issue of the audit opinion is expected to conclude during Spring 2022 after which the statement of accounts and audit opinion will be published as soon as is reasonably practicable.

Therefore, this notice of delayed audit is being published in accordance with Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. See attached link:
<http://www.legislation.gov.uk/ukxi/2015/234/regulation/10/made>

Warwickshire County Council's Audit and Standards Committee, on 3 November 2022, was formally advised of this matter. The latest draft Statement of Accounts for the year ended 31 March 2022 is available on the Council's website. The Council will publish a final set of accounts as soon as the audit is concluded, the accounts have been formally approved and the Audit Report issued.

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Audit and Standards Committee

3 November 2022

Appointment of Auditors – An Update

Recommendation

The Committee is asked to support the appointment of Grant Thornton UK LLP as the Council's external auditors for the period spanning the audits from 2023/24 to 2027/28.

1. Key Issues

- 1.1. On 14 December 2021 full Council agreed to opt-in to the sector-led body procurement, conducted by Public Sector Audit Appointments Limited (PSAA), for the appointment of the Authority's external auditors from April 2023.
- 1.2. We were informed of the outcome of the procurement process on 3 October 2022. The outcome is that it is proposed that Grant Thornton UK LLP are reappointed as the Authority's auditors for the next five years. It is recommended the Authority confirms that it is satisfied with this appointment by the deadline of 14 November 2022.

2. Background Information

- 2.1. The PSAA announcement of the outcome of its procurement of audit services covered 470 local government, police and fire bodies (99% of eligible local bodies) that opted into the national scheme for the next appointing period spanning the audits from 2023/24 to 2027/28.
- 2.2. The procurement took place against the challenging backcloth of a troubled audit profession, a turbulent market and a local audit system that is facing unprecedented difficulties including large volumes of delayed audit opinions. Only ten audit suppliers are currently registered to undertake local audits in England, three of which opted not to take part in the procurement.
- 2.3. Contracts have been offered six suppliers. The scale of the contracts varies widely depending upon the capacity each supplier is able to provide. The

services of three existing suppliers, Grant Thornton, Mazars and Ernst & Young are retained, KPMG have come back into the market and there are two new suppliers, Bishop Fleming and Azets Audit Services.

- 2.4. From 2023/24 the respective shares of the audits of opted-in bodies will be as follows:

	Share of Work
Grant Thornton	36.0%
Mazars	22.5%
Ernst and Young	20.0%
KPMG	14.0%
Bishop Fleming	3.75%
Azets Audit Services	3.25%

- 2.5. In developing appointment proposals PSAA had regard to and sought to balance a range of factors including:
- auditor independence, the most critical of all the factors;
 - joint/shared working arrangements (for example the County Council and Warwickshire Pension Fund having the same auditors);
 - commitments to the firms under the audit contracts;
 - bodies' main offices and firms' geographical preferences;
 - the status of prior years' audits; and
 - continuity of auditor where appropriate.
- 2.6. The outcome of the procurement process is that it is proposed that Grant Thornton UK LLP are reappointed as the Authority's auditors for the next five years. As an Authority we have worked closely with Grant Thornton over recent years and have a good and positive working relationship. Also, Grant Thornton know the Authority and understand our systems and processes. This makes for a more efficient and effective audit in these difficult times for the sector. It is therefore recommended that the Authority confirms that it is satisfied with this appointment by the deadline of 14 November 2022.

3. Financial Implications

- 3.1. The bid prices PSAA received in this procurement reflect a significant increase compared to the previous procurement in 2017, again reflecting the challenges faced by the sector in the intervening period which have resulted in a less competitive market.

- 3.2. In Autumn 2023 PSAA will consult on the proposed scale of audit fees payable by bodies in respect of the audit of 2023/24 accounts. It is anticipated total fees for 2023/24 will be an increase of the order of 150%. The actual total fees will depend on the amount of work required. For the County Council this would translate to an increase in fees of between £200,000 and £250,000. Provision for this increased cost forms part of the 2023/24 Medium Term Financial Strategy refresh that is currently underway.

4. Environmental Implications

- 4.1. None.

5. Background Papers

- 5.1. None.

	Name	Contact Information
Report Author	Virginia Rennie	vrennie@warwickshire.gov.uk
Assistant Director	Andy Felton	andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	peterbutlin@warwickshire.gov.uk

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Audit and Standards Committee

3 November 2022

Annual Governance Report

Recommendation

That the Audit and Standards Committee notes and comments upon the content of the report.

1. Executive Summary

- 1.1 This report has been produced following the meeting of the Audit and Standards Committee on 5 November 2020 which considered the Committee on Standards in Public Life's Local Government Ethical Standards Report. At that meeting the Committee agreed to introduce an Annual Governance Report for consideration by the Committee. The first report was taken to Audit and Standards Committee on 4 November 2021 and it was agreed that a report be taken annually to the Committee.
- 1.2 The role of the Audit & Standards Committee is to maintain oversight of internal and external audit matters, the Council's arrangements for corporate governance and risk management and any other arrangements for the maintenance of probity.
- 1.3 Alongside this the Committee has a role in maintaining high standards of conduct by councillors and officers, promoting good governance through the behaviours and conduct of members and officers and upholding standards through operation of the Codes of Conduct (member and officer).
- 1.4 There are numerous ways in which the Council maintains strong governance arrangements and demonstrates the high standards of conduct that are required from public servants. These include legal/regulatory compliance requirements, operation of policies and procedures as well as cultural norms and expectations – all of which fall within the umbrella of upholding and promoting high standards. In addition to this, regular reviews are undertaken to ensure that the governance arrangements in place are working. These include external reviews such as the Local Government Association (LGA) Peer Review and internal officer-led reviews.
- 1.5 This report aims to highlight for the Committee the arrangements that are in place to enable the Committee to undertake its assurance role as to the robustness of the governance arrangements that are in place. In producing this report, regard has been had to the practices of other Councils in

producing similar reports and the guidance relating to good governance available from bodies such as CIPFA and the Institute of Good Governance.

2. Legal/ Regulatory Compliance

2.1 The Council has in place a series of systems and processes to ensure legal/regulatory compliance. These include (this is not an exhaustive list):

- i.) The system in place for clearing Committee reports to ensure legal and financial compliance.
- ii.) The cyclical reporting arrangements for Corporate Board to ensure that regulatory compliance matters are highlighted for consideration by senior officers (e.g. compliance with information requests, data breaches, Local Government and Social Care Ombudsman (LGSCO) outcomes).
- iii.) The regular Monitoring Officer briefing highlighting to the Chief Executive and the Strategic Director for Resources any issues of legal concern. This is supplemented by a Statutory Officers' Briefing which is provided quarterly and includes issues of finance and legal concern together with updates on progress of major projects and initiatives for consideration by the Monitoring Officer, s151 Officer and Chief Executive.
- iv.) The annual process for declaring staff interests and the maintenance of a register of interests.
- v.) Declarations of interests by members which are publicly available on the Council's website –These were completed following the 2021 elections but members have more recently been asked to check and update their Declarations of Interest if required.
- vi.) The annual process for declaring third party interests/transactions in relation to senior officers as required by the external auditors.
- vii.) The process for staff (and newly introduced for members since 2021 following changes to the Member Code of Conduct) for registering and seeking approval to accept gifts and hospitality. For staff the process is automated through the Your HR system which then triggers a requirement for manager approval. For members the current process is to submit details on a form to the Delivery Lead, Governance Services. Over the course of the last year (since November 2021) three notifications have been received.
- viii.) The whistleblowing procedure was updated in 2019 and is currently being reviewed. A series of complaints were received in the financial year 2021/22 from one individual who claimed to be making whistleblowing disclosures. However, following legal advice, the view was taken that the complaints did not fall within the scope of the Council's policy on whistleblowing.
- ix.) Approving dispensations for elected members to enable to them to take part in meetings where they have certain interests which would otherwise prevent them from taking part. A Dispensations Sub-Committee was held on 25 May 2021 following the May elections. A

further meeting was held on 19 October 2021 in relation to granting dispensations to the Police and Crime Commissioner when attending the Council as a co-opted member for the purposes of section 7 Policing and Crime Act 2017. Training on conduct and dispensations is provided regularly to members and on induction to new members to ensure that they have the information necessary to identify an interest and when a dispensation may be required.

- x.) Annual reporting of the Leader to the full Council on the use of the Call-In and Urgency procedures on 17 May 2022. There were three call-ins in the financial year 2021/22. These related to a Property/Service Review exempt report, a County Parks Fees and Charges 2022/23 report and On-street Parking Management. There were twelve instances of use of the consent to urgency procedure in the financial year 2021/22. This was a reduction on the figures for 2019/20 and 2020/21.
- 2.2 The Cabinet receives an annual review letter from the Local Government and Social Care Ombudsman (LGSCO) which provides a summary of complaints and findings in relation to the Council. The 2021/22 LGSCO letter was considered by Cabinet at its meeting on 8 September 2022.
- 2.3 The information contained in the letter is publicly available on the LGSCO website. In the financial year 2021/22, the LGSCO received 54 complaints and enquiries about Warwickshire County Council. In the same period, the LGSCO made 58 decisions in respect of the Council (which included a number of decisions about complaints received in the previous financial year). In 19 of these 58 cases the LGSCO undertook a full investigation, upholding 14 complaints and not upholding 5. This gives the council an upheld rate of 74% (in relation to all full investigations) which is slightly higher than the average for similar local authorities in this period (which was 71%).
- 2.4 Our performance in relation to LGSCO complaints is reported on a monthly basis to senior officers and to members via the performance monitoring framework and we also track compliance with remedial action to agreed timeframes. Two areas for improvement by the Council highlighted in the 2021/22 letter from the LGSCO are:
- i.) the timescales for implementing agreed remedies – while the Council agreed to and implemented recommendations of the LGSCO in 14 cases, in 3 of these cases, these were completed late; and
 - ii.) the response times to inquiries made by the LGSCO – these have fallen short of what the LGSCO expects and the Council has been asked to reflect on this and take steps to reduce avoidable delays.
- 2.5 In terms of reflecting on these two areas for improvements and steps that are being taken to improve them:
- i.) In respect of completing remedies on times – reminders have been sent to staff dealing with LGSCO complaints of the importance of ensuring that timescales that are agreed with the LGSCO are achievable as well as reasonable. Staff have also been asked to ensure that where

possible these timescales are adhered to and where there are issues, timely discussion is had with the LGSCO. Assistant Directors have also been asked to remind their staff of the importance of implementing agreed remedies in their areas within the timescales agreed with the LGSCO.

- ii.) In respect of responses to LGSCO enquiries – reminders have been sent to staff who deal with LGSCO complaints to ensure responses are sent within requested timescales. In addition to this, consideration is being given to whether initial enquiries, which require a quick turn-around, can be dealt with centrally. It is hoped that in addition to reducing delays, this will also give the team coordinating LGSCO complaints a better overview of response times.

2.6 The outcomes of external inspections and reviews are also shared with elected members and reported to Cabinet as appropriate:

- i.) The Council's Children's Services were subject to an Ofsted inspection between November and December 2021. On 1 February 2022 Ofsted published their inspection report grading Warwickshire as 'good' in all areas. A report was taken to Cabinet on 12 April 2022 asking Cabinet to consider and comment upon the strengths and areas for improvement identified by Ofsted in the report and also to endorse an action plan. Further details about that inspection can be seen in the Cabinet report.
- ii.) The Council's Fire and Rescue Service (WFRS) was the subject of a HMICFRS inspection between February and March 2021. A report detailing the outcome of this inspection was publicly released on 12 January 2022. HMICFRS grade every Fire and Rescue Service against three pillars: Efficiency, Effectiveness and People. There are four gradings that are used: Outstanding, Good, Requires Improvement and Inadequate. WFRS was graded as requiring improvement in all areas and a report was taken to Cabinet on 17 February 2022 asking Cabinet to consider and comment upon the report and to consider and endorse an action plan. Further details about that inspection can be seen in the Cabinet report.
- iii.) In March 2022 the Local Government Association (LGA) undertook a Peer Challenge of the Council. A Peer Challenge sets out to support and offer a series of recommendations for the Council to consider in the context of its own culture, priorities and future vision designed to give content for consideration. They are not mandatory but intended for the Council's consideration. A report was published by the LGA in June 2022 and was very positive, noting that this is a Council "that is ambitious both for the county of Warwickshire and in relation to how the organisation operates." A report was taken to Cabinet on 16 June 2022 asking Cabinet to consider the LGA Peer Challenge report and to authorise the Chief Executive, in consultation with the Leader, to develop an action plan to address the themes identified by the Peer Challenge. Further details about the Peer Challenge can be seen in the Cabinet report.

- iv.) The Council's professional support services have continued to be considered effective by professional regulators. For example, Legal Services was inspected as part of the Law Society's Lexcel accreditation process. The report found no non-compliances and identified 18 areas of good practice. It was noted that it is unusual for there not to be any non-compliances (even minor non-compliances) in these accreditation processes and the result was therefore excellent.

3. Policies and Procedures

- 3.1 The Council's policies are periodically reviewed with member oversight and/or approval where required by the constitution. Over the course of the year the following governance related policies/Codes have been or are in the process of being reviewed and updated:
 - i.) Anti-Money Laundering Policy and Procedure – approved in September 2021
 - ii.) Financial Regulations and Constitutional updates – approved by full Council in December 2021 and further amendments to the delegations to officers approved by Council in September 2022.
 - iii.) Annual Governance Statement – approved by Council in December 2021 following consideration by this committee in November 2021.
 - iv.) Contract Standing Orders – approved by full Council in December 2021.
 - v.) Modern Slavery Policy – approved by Cabinet in July 2022.
 - vi.) Whistleblowing Policy – last reviewed in 2019 and currently under review.
 - vii.) Consultation Framework – approved in December 2016 and a Co-production Framework was approved in July 2022.
 - viii.) Health and Safety annual report and strategic objectives – approved Staff & Pensions Committee 5 October 2022
 - ix.) Health and Safety Framework – currently in consultation – due for publication November/December 2022
- 3.2 Along with the development of the Council Plan which was approved by the Council in February 2022 a new Strategy Framework has been developed to provide oversight and consistency to strategy development and maximise connections between strategies.
- 3.3 In addition to the above, officers continue to keep legislative changes and all aspects of governance under review to identify any areas requiring action. Any changes would progress through Committees as required by the Constitution.

4. Organisational Culture

- 4.1 Culture plays a significant role in ensuring robust governance and high standards of conduct. For many years officers and members have fostered a culture of mutual trust and respect, such that respecting the boundaries of officer and member responsibilities and ‘doing the right thing’ has become expected and common place. The cultural norms and expectations are reinforced through formal documents, such as the Constitution, through induction and development programmes (for officers and members) and through communications and messaging re-emphasising the behaviours expected across the Council.
- 4.2 The consequence of this, as highlighted previously to the Committee, is that we have a strong track record in relation to member Code of Conduct complaints and receive very few complaints which go on to be investigated and a sanction applied.
- 4.3 In the year end to March 2022, the Council received 4 complaints under the Member Code of Conduct. All complaints were considered in line with the Council’s procedure on handling complaints under the Member Code of Conduct and sought the views of an independent person where appropriate. Of the complaints notified, one is still being considered. In respect of the remaining 3 the findings were all ‘Code not engaged’.
- 4.4 Last year the Committee asked whether comparative figures could be provided from other local authorities on complaints against members. Below are some figures from a sample of county councils to give the Committee an idea of how Warwickshire compares:

Council	Period	No. complaints against elected Members	Breakdown of outcomes (where available)
Council A	April 2021- March 2022	8	3 = No action taken 5 = Written apology, no formal action
Council B	June 2021- June 2022	11	8 = No breach of code 3 = under consideration
Council C	July 2021- September 2022	8	3 = Complaint outside of the scope of the Code 2= Complaint did not meet threshold for further investigation as set out in the ‘initial test’ 2 = Complaint resolved informally 1 = Complaint considered by Member conduct panel – with no finding of breach of code
Council D	January	5	1 = dealt with informally

Council	Period	No. complaints against elected Members	Breakdown of outcomes (where available)
	2021-December 2021		1 = full investigation but no breach of code found 3 = did not meet the criteria for full investigation as the substance of the complaint was not a matter that, if substantiated, would amount to a breach of the code

- 4.5 The Council believes that a strong grounding in the governance procedures of the Council is important for both members and officers.
- 4.6 Member Development continues throughout each municipal year and is supplemented by additional sessions organised by the Committees themselves (such as pensions training, planning law updates etc). The member development programme is kept under continuous review to ensure it is fit for purpose and provides members with updates on legislation, governance and practical skills (such as how to get the best from scrutiny, how to be a good Chair etc) and also on key initiatives, strategies and areas of focus for specific service areas. At the commencement of the municipal year, the plan is updated, and consideration given to areas requiring additional focus and support – this is done by Democratic Services through discussions with service areas, and committees, and by surveying officers and members for their suggestions. Members are also provided with opportunities to attend relevant annual conferences.
- 4.7 A broad suite of officer training is available via the Council’s Learning Hub with continued emphasis on providing remote and online training to fit with our agile working environment. Training forms part of the roll out of changes to any systems or policies to ensure officers are aware of changes and feel confident to comply with them. Those with specific roles or where there are regulatory requirements for training and accreditation are also catered for – for example, those involved in activities to which the Regulation of Investigatory Powers Act apply received updated training and accreditation, alongside service-based training to ensure the continued professional competence and development of staff. In addition, following the introduction of a new Anti-Money Laundering Policy and Procedure in September 2021 following the establishment of the Warwickshire Recovery Investment Fund (WRIF), training was provided to all key officers involved in the investing and lending activities of the WRIF so that they were fully aware of the risks of money laundering and are aware of the procedures that are in place to ensure the Council and its officers comply with the more onerous anti-money laundering requirements as a result of the activity the WRIF is undertaking.

5. Financial Implications

- 5.1 There are no financial implications arising from the recommendations in the report.

6. Environmental Implications

- 6.1 There are no direct environmental implications arising from this report.

7. Timescales associated with the decision and next steps

- 7.1 Any comments from the Committee about the contents or presentation of this report will be considered for next year's annual report.

Appendices

None

Background Papers

None

	Name	Contact Information
Report Author	Sioned Harper	sionedharper@warwickshire.gov.uk
Assistant Director	Sarah Duxbury, Assistant Director Governance and Policy	sarahduxbury@warwickshire.gov.uk
Strategic Director	Rob Powell Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Councillor Andy Jenns Portfolio Holder for Customer & Transformation	cllrjenns@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): Not required, County wide report

Other members:

**Audit and Standards Committee
Updated Work Programme 2022 - 2023**

Item	Lead Officer	Date of meeting
Scrutiny Review – Key measurable factors to assess effectiveness of revised arrangements	Sarah Duxbury / Nic Vine	Briefing Note (to be followed by agenda item - date TBC)
Impact of Grenfell – an update from WFRS regarding flammable cladding on residential properties in Warwickshire.	WFRS	TBC

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