

# Audit and Standards Committee

Thursday 28 November 2024

## Minutes

### Attendance

#### Committee Members

John Bridgeman (Chair)  
Councillor Jo Barker  
Councillor John Cooke  
Councillor Sarah Feeney  
Councillor Bill Gifford  
Councillor Bhagwant Singh Pandher  
Councillor Ian Shenton  
Robert Zara

#### Officers

Paul Clarke, Internal Audit Manager  
John Cole, Senior Democratic Services Officer  
Sarah Duxbury, Director of Strategy, Planning and Governance  
Andrew Harper, Head of Strategic Finance  
Sioned Harper, Senior Solicitor and Team Manager - Governance  
Purnima Kandula, Director of Finance  
Gary Morris, Finance Manager - Financial Reporting  
Chris Norton, Head of Investments, Treasury and Audit  
Rob Powell, Executive Director for Resources  
Lou Richardson, Corporate Policy and Strategy Manager  
Gereint Stoneman, Head of Corporate Policy and Strategy

#### Others

Sandy Shergill  
Avtar Sohal, Grant Thornton

### 1. General

The Chair welcomed Mrs Sandy Shergill who had recently been appointed as an independent member of the Audit and Standards Committee. She would observe the meeting prior to formally joining the Committee at the meeting in March 2025.

#### (1) Apologies

There was none.

## **(2) Disclosures of Pecuniary and Non-Pecuniary Interests**

There was none.

## **(3) Minutes of the Previous Meeting**

It was resolved that the minutes of the meeting held on 19 September 2024 be confirmed as an accurate record and signed by the Chair.

## **2. Warwickshire County Council Audit Findings Report 2023/24**

The Committee received a report from the Council's External Auditor, Grant Thornton, which provided details of issues arising from the audit of the County Council's financial statements prior to issuing a final opinion.

Avtar Sohal (Grant Thornton) introduced the report, stating that the External Auditor had benefitted from a high standard of information from the Council. The audit had been substantially completed. There were some residual areas which required attention. However, it was expected that Grant Thornton would issue an unmodified opinion following the meeting of full Council in December 2024.

In response to the Chair, Avtar Sohal provided an update on the various outstanding matters for consideration. Progress was being made, and the process was following its prescribed course. There were no significant weaknesses or key recommendations which would require any modification of the audit opinion. There had been no substantial changes to Grant Thornton's approach since issuing the Audit Plan.

The Chair stated that the findings of the External Auditor were positive. It was promising that it was anticipated to issue an unqualified audit opinion.

Councillor Feeney highlighted commentary in Grant Thornton's Audit Findings report relating to compliance with password policies. She sought officers' views of whether specific action was required in response to the External Auditor's observations.

Andrew Harper (Head of Strategic Finance) advised that a separate report had been received from Grant Thornton outlining IT audit considerations. The External Auditor's findings were being acted upon by officers, and there were no concerns.

Avtar Sohal stated that Grant Thornton's findings relating to IT were not significantly material. These were low-level control recommendations intended to improve best practice. It had not been found that the Council's IT systems showed any significant weaknesses.

Robert Zara highlighted a small typographical error within the draft Letter of Representation. Section xiii (b) stated that "the financial reporting framework permits the *entry* to prepare its financial statements on the basis of the presumption set out under a) above". He suggested that this should read "the financial reporting framework permits the *entity* to prepare its financial statements on the basis of the presumption set out under a) above". A similar adjustment would be needed for the draft Letter of Representation for the Warwickshire Pension Fund.

Avtar Sohal confirmed that this was a typographical error which would be corrected on both draft letters of representation.

In response to Chair, members of the Committee agreed that the recommendations of the report be accepted.

**Resolved:**

That the Audit and Standards Committee:

1. Notes the Audit Findings Report of the External Auditors for Warwickshire County Council, attached at Appendix A of the report; and
2. Approves, subject to any changes which may be necessary to the final draft, the wording of the Letter of Representation, attached at Appendix B.

**3. Warwickshire County Council Statement of Accounts 2023/24**

Andrew Harper (Head of Strategic Finance) introduced the report. He advised that the Council's accounts had been published by the statutory deadline of 31 May 2024. Since then, progress had been made in partnership with the External Auditor leading to presentation to the Committee of the Council's Statement of Accounts for 2023/24. The Committee was asked to consider the Statement of Accounts for 2023/24 and to recommend them to the Council for approval on 17 December 2024. Members were also asked to note that, subject to finalisation of the Statement of Accounts by the External Auditor, the Executive Director for Resources would make any subsequent amendments to the information presented to full Council (if required) prior to approval being sought. However, it was not expected that any material changes would be made.

Andrew Harper advised that the External Auditor's report also included details of the Audit Opinion which would be signed by Grant Thornton's Engagement Partner on receipt of the Letter of Representation (once signed by the Chair of the Council and Executive Director for Resources), following approval of the accounts by Council on 17 December 2024.

The Chair praised the good progress that had been made by officers and Grant Thornton to meet statutory deadlines. He highlighted areas where Warwickshire County Council had received national recognition for its achievements including the award of LEXCEL 6.1, an internationally recognised legal practice quality mark, to the Council's Legal Services Team for the 24th consecutive year.

Councillor Feeney highlighted commentary in the report relating to the review of Schools Admissions processes which had led to a considerable improvement in handling of in-year school applications. This was a priority area for many residents and an issue that was frequently raised with councillors. Improvements to Schools Admissions processes had made a positive difference for residents and enhanced the Council's reputation. She praised the hard work and effort by officers to achieve this improvement.

Councillor Shenton stated that the Narrative Statement included within the Statement of Accounts was well laid out, easy to read, and presented an accessible overview of the Council's work. Infographics had been used to good effect.

The Chair highlighted the good progress that had been made to support children with special educational needs and disabilities (SEND). This was an area subject to considerable cost pressures, and it was encouraging that the Council had prioritised provision for SEND.

Councillor Gifford agreed that resourcing for SEND was a positive step. The allocation of funding to the development of new primary SEND resourced provisions would support a better standard of education for children with SEND and avoid additional costs associated with outsourcing to private providers.

Councillor Shenton highlighted the Balance Sheet which reported on the Council's financial position as at the end of the reporting period. He stated that, despite the financial challenges faced by the Authority in 2023/24, the Balance Sheet remained in a relatively strong position. He praised officers' skill and dedication to reach this outcome.

Rob Powell (Executive Director for Resources) highlighted that the Balance Sheet for 2023/24 reflected the position of the SEND deficit being fully covered. More recently, reforms by government to accountancy methods for SEND spending required councils to rely upon the statutory override. This created a negative reserve and would have a detrimental effect on future balance sheets. He emphasised the seriousness of this risk which was being experienced by local authorities nationally.

In response to Chair, members of the Committee agreed that the recommendations of the report be accepted.

#### **Resolved:**

That the Audit and Standards Committee:

1. Notes the 2023/24 Statement of Accounts and recommends them to Council for approval; and
2. Notes that the Executive Director for Resources will make any subsequent amendments required to the Statement of Accounts, prior to their approval by Council.

#### **4. Warwickshire Pension Fund Audit Findings Report 2023/24**

The Committee received a report from the Council's External Auditor, Grant Thornton, which provided details of issues arising from the audit of Warwickshire Pension Fund's financial statements prior to issuing a final opinion.

Avtar Sohal (Grant Thornton) introduced the report, stating that the auditing process had been well supported by the Council's Pensions Team. The report outlined recommendations made at the previous year's audit which had been acted upon by the Council. The audit of the Pension Fund was substantially complete and there were no matters which would require any modification of the audit opinion.

Councillor Gifford highlighted use of the term 'trivial' in an auditing context. He emphasised that this was a technical term; it was important to reassure Warwickshire residents that public money was not treated casually.

In response to Councillor Gifford, Avtar Sohal advised that the External Auditor had not identified any concerns about the migration of pensions data to Agresso Cloud. The commentary in the report related to concerns about supporting evidence around the migration process to provide a trail of actions taken. There were no concerns about data security. The essence of the recommendation was that such processes be more comprehensively documented in future. It was not considered to be a significant weakness or material deficiency.

The Chair highlighted the importance of cyber security and recent high profile cyberattacks targeted at big organisations nationally. Constant vigilance was required.

Avtar Sohal advised that cyber security formed a key element of the auditing process. It was recognised that new threats were constantly emerging with a need to remain vigilant. The audit had not identified any significant concerns about the Council's IT systems, and cyber security would continue to be closely monitored. He would update the Committee if any cyber security concerns came to the External Auditor's attention.

Rob Powell (Executive Director for Resources) stated that the threat of cyberattack was among the highest rated risks faced by the Council. Details were reported to the Committee as well as across other channels within the organisation. He emphasised that there was no complacency and cyberattacks were routinely repelled. The findings of the Audit related to the process of documenting procedural work that had been undertaken; there were no concerns about the robustness of the cyber security measures in place.

Subject to Section xiii (b) of the Letter of Representation being amended to substitute the word "entity" for "entry", the Chair sought the Committee's agreement that the recommendations of the report be accepted. This was agreed.

### **Resolved:**

That the Audit and Standards Committee:

1. Endorses the Audit Findings Report prepared by the External Auditor for the Warwickshire Pension Fund as attached at Appendix 1; and
2. Approves, subject to any changes which may be necessary to the final draft, the wording of the Letter of Representation, attached at Appendix 2.

### **5. Warwickshire Pension Fund Statement of Accounts 2023/24**

Chris Norton (Head of Investments, Treasury and Audit) introduced the report, stating that the draft accounts for the Pension Fund had been published for public consultation and audited by Grant Thornton. The accounts presented to the Committee had been updated with issues arising from the consultation and audit. The Committee was asked to consider the Statement of Accounts for 2023/24 and to recommend them to full Council for approval on 17 December 2024. He highlighted the amendments made to the public draft accounts outlined within the report. These did not influence the net asset statement and were not material. He praised the Pension Team and colleagues across the organisation for their work to produce the accounts and progress the audit.

Councillor Gifford highlighted that, as at 31 March 2024, the Pension Fund had net assets of £2.969bn. This was a funding level of approximately 140%, constituting a strong position. He

highlighted the analysis of costs of managing the Warwickshire Pension Fund outlined within the report. Investment management expenses for areas such as private equity, infrastructure, and private debt were noticeably higher than the costs for less specialist areas and pooled investments. This was pertinent to the Government's plans to potentially expand pooling arrangements for local government pension funds which could lead to reduced management costs.

Chris Norton advised that investment management costs depended upon the level of complexity of tracking performance in particular areas. For example, listed equities were relatively straightforward to manage but private markets and actively managed assets required closer attention by fund managers, incurring a higher cost. Pooling achieved economies of scale; however, there had been increased investment in private markets which had a counter-effect on management costs. There was a broad push and pull between these two factors which determined the overall cost of investment management.

In response to the Chair, Chris Norton outlined the role of the Pension Fund Investment Sub-Committee to determine investment decision making. Investment management costs were considered alongside other factors. The objective was to achieve a net risk adjusted return comprising a basket of different assets to provide the right risk profile.

In response to Chair, members of the Committee agreed that the recommendation of the report be accepted.

**Resolved:**

That the Audit and Standards Committee recommends the 2023/24 Pension Fund Statement of Accounts to Council for approval.

**6. Warwickshire County Council Annual Audit Letter 2023/24**

Andrew Harper (Head of Strategic Finance) introduced the report, stating that the Annual Audit Letter provided an opinion by the External Auditor of financial sustainability, governance, as well as measures in place to secure economy, efficiency, and effectiveness. Grant Thornton had not identified any significant weaknesses across these criteria. The report outlined three minor improvement recommendations which were being addressed.

Avtar Sohal (Grant Thornton) advised that the Annual Audit Report compared well to annual reports for many other local authorities. Most councils had been found to have at least one significant weakness by external auditors. Most commonly, these related to financial sustainability. It was recognised that financial circumstances were likely to become more challenging for Warwickshire County Council; however, the Council was in a better financial position than many other local authorities. The inclusion of a small number of improvement recommendations was a very good result.

The Chair stated that the results of the Annual Audit were very encouraging.

**Resolved:**

That the Audit and Standards Committee notes the External Auditor's Annual Audit Report.

## **7. Annual Governance Report**

Sioned Harper (Senior Solicitor and Team Manager, Governance) introduced the report which outlined arrangements in place to maintain a strong culture and robust systems of governance across the organisation at both member and officer levels. She advised that there was no legal requirement to present this report to the Committee; however, it was considered good practice to support the Committee's role to maintain oversight of governance and standards. She highlighted specific elements of the report including details of systematic approaches to legal and regulatory compliance, approaches to consideration of external inspections, data breaches, subject access requests, policy updates, training and organisational culture, and complaints made under the Members' Code of Conduct.

Robert Zara praised the quality of the report. He emphasised the importance of the Committee's role to maintain oversight of organisational culture and information governance, both of which had been covered in detail. He highlighted that County Council elections would be held in May 2025 and enquired about arrangements for the induction and training of newly elected councillors, including any mandatory training.

Sarah Duxbury (Director of Strategy, Planning and Governance) advised that there was an Induction Programme for new councillors which was being refreshed in readiness for the elections in May 2025. Some elements of the Induction Programme were mandatory, including sessions tailored for specific committees. For example, members sitting on the Regulatory Committee were given training to provide knowledge of planning considerations. The Induction Programme also included a focus on the Members' Code of Conduct which was relevant to all councillors.

In response to Councillor Barker, Sarah Duxbury advised that the Council had received an increased number of subject access requests in recent years. As a result, it had been decided to allocate additional resources to the Information Governance (IG) Team leading to the recruitment of five additional IG officers. This had improved the Council's performance in responding to subject access requests which could often be time consuming to resolve. Other approaches such as process re-engineering and IT refinements would support the Council's work in this area. Additionally, work had been undertaken with Children's Services focusing on individuals' life stories to spotlight alternatives to making subject access requests in specific circumstances.

### **Resolved:**

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

## **8. Annual Governance Statement 2023/24**

Chris Norton (Head of Investments, Treasury and Audit) introduced the report. He advised that the draft Annual Governance Statement had been published for a period of public consultation. It had also been considered by the External Auditor. No comments from members of the public had been received and the External Auditor had not proposed any amendments. Since being presented to the Committee in May 2024, the Annual Governance Statement had been updated with details of the final audit opinion which provided moderate assurance on the Authority's control environment, as well as commentary on timescales for the introduction of new procurement regulations.

Chris Norton advised that a Governance Improvement Action Plan was appended to the Annual Governance Statement. He provided an update on actions which had been given recent attention including the review of education capital programme procurement as well as ongoing work to determine ethical standards for the adoption of artificial intelligence in the delivery of Council services.

In response to Chair, members of the Committee agreed that the recommendation of the report be accepted.

**Resolved:**

That the Audit and Standards Committee endorses the Annual Governance Statement for 2023/24 and recommends its approval by full Council at the meeting in December 2024 and its subsequent inclusion in the Council's 2023/24 Annual Report and Accounts.

## **9. Strategic Risk Management**

Gereint Stoneman (Head of Corporate Policy and Strategy) introduced the report. He advised that the Strategic Risk Management Framework had been refreshed ahead of the beginning of the 2024/25 financial year and approved by Cabinet in January 2024. He reported that the responsibility for risk management had been transferred from Finance to the Corporate Policy Unit. Some modifications had been made to approaches to risk management to strengthen alignment between strategic foresight, risk management, and strategy development as outlined within the report. He highlighted the arrangements in place for reporting to overview and scrutiny committees and directorate leadership teams also detailed in the report.

In response to the Chair, Gereint Stoneman advised that strategic risk updates formed part of the integrated performance reports presented to Cabinet and overview and scrutiny committees each quarter.

In response to Chair, members of the Committee agreed that the recommendation of the report be accepted.

**Resolved:**

That the Audit and Standards Committee notes the approach to risk management as set out in the refreshed Strategic Risk Management Framework at Appendix 1, and strategic and service risks set out in Appendix 2.

## **10. Work Programme and Future Meeting Dates**

The Committee noted the Work Programme, including the proposed Self-Assessment Workshop scheduled to be held directly after the meeting on 20 March 2025.

## **11. Any Other Business**

This was the final meeting chaired by John Bridgeman prior to stepping down from the role of Chair of the Audit and Standards Committee. Members expressed their thanks and praised John



Bridgeman's contribution to the work of Warwickshire County Council which spanned a period of 24 years.

On behalf of officers, Rob Powell (Executive Director for Resources) offered his thanks to John Bridgeman and praised the skill and dedication he had shown as Chair of the Committee.

## **12. Reports Containing Exempt or Confidential Information**

### **Resolved:**

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 Schedule 12A of Part 1 of the Local Government Act 1972.

## **13. Internal Audit Update Report**

The Committee received a confidential update.

## **14. Exempt Minutes of the Previous Meeting**

It was resolved that the exempt minutes of the meeting held on 19 September 2024 be confirmed as an accurate record and signed by the Chair.

The meeting rose at 12:02.

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Chair