

# **Audit and Standards Committee Annual Report 2023/2024**

Warwickshire County Council's Audit and Standards Committee ('the Committee') plays a vital role overseeing the Council's governance framework to ensure that residents receive quality services and value for money.

It provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's financial reporting and governance processes. Meetings of the Committee are open to the public.

Meeting dates, minutes, agendas and reports can be found on the [Council's website](#). Meetings of the Committee are live-streamed; footage is available for a period of 12 months after each meeting and can be viewed on the website under individual meeting dates.

## **Who is on the Committee?**

Following his election to Chair of the Council in May 2023, Councillor Christopher Kettle was replaced on the Committee by Councillor Ian Shenton and in early 2024 Councillor Jo Barker replaced Councillor Brian Hammersley.

The membership of the Committee now stands as follows:

John Bridgeman CBE	(Independent Member and Chair)
Councillor Jo Barker	(Conservative)
Councillor John Cooke	(Conservative)
Councillor Sarah Feeney	(Labour)
Councillor Bill Gifford	(Liberal Democrat)
Councillor Ian Shenton	(Conservative)
Councillor Bhagwant Singh Pandher	(Conservative)
Robert Edwards Zara	(Independent Member)

The Chair of the Committee wishes to place on record his thanks to all the members, past and present, who have served on the Committee and have contributed to the important work it has undertaken.

The Internal Audit Manager, Chief Finance Officer, and the Monitoring Officer attend Committee meetings to provide information and ongoing assurance in relation to the Council's internal controls and systems. Representatives from Grant Thornton, the Council's external auditors, also attend meetings to report on the Council's financial statements and value for money arrangements. At present, the Council's Grant Thornton LLP key audit partners are Avtar Sohal and Harkamal Vaid.

## **What did the Committee do over the last year?**

The Committee met five times during the 2023/24 municipal year, and alongside the regular external and internal audit monitoring reports, the Committee was able to consider the Council's wider governance arrangements and continued to monitor the impact of emerging national issues, including the impact of rising inflation, cost-of-living pressures, the wider economic position, and fiscal policy on governance. A detailed overview of significant issues has been set out later in this report.

The Committee was pleased to support the Annual Governance Statement 2022/23, and the Statement of Accounts for both the County Council and the Warwickshire Pension Fund, based on its knowledge and experience of how the assurance systems had operated in practice.

### **SEND Funding**

The Committee received a report in November 2023 following a request from Councillor Gifford relating to the risks associated with SEND funding. Officers provided an in-depth explanation of the challenges being faced by local authorities, the increase in demand and the growing complexity of needs. Concerns raised by the LGA were also discussed and concerns relating to the need for action from Government to address systemic national challenges were noted.

### **External Audit**

The Committee receives updates at every meeting from Grant Thornton, who are the external auditors for both the Council and the Warwickshire Pension Fund.

Members also had the opportunity to consider emerging national developments brought to their attention by the external auditors. This provides an additional means for the Committee to keep abreast of changes affecting local government audit and governance practices.

At the July meeting, it was noted that a closure certificate was still awaited on the 2017/18 accounts. Grant Thornton representatives advised that the process was 99% complete and the situation would continue to be monitored. In November, this concern was raised again, and it was agreed that the Chair would send a formal letter to Grant Thornton regarding the failure to complete the closure certificate.

In April 2024, Grant Thornton wrote to the Council advising that the review of the objection had been completed and a statement of reasons issued to the objector and the Council.

The September meeting of the Committee was cancelled due to a lack of business, as the date was originally set to meet the deadline for the publication of the annual accounts. Grant Thornton advised they were still experiencing a backlog of audits from previous financial years and the accounts would therefore be considered at the November meeting.

The Committee was pleased to note that Grant Thornton had provided unqualified opinions for both the County Council and Warwickshire Pension Fund accounts. The external auditors also gave the County Council a positive value for money conclusion as part of their Annual Audit Letter. Grant Thornton advised that it was satisfied that the Council had made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, with ratings of 'green' for financial sustainability and governance and 'amber' for improving economy, efficiency and effectiveness with a positive direction of travel. The amber rating for economy, efficiency and effectiveness resulted from the continued implementation of the action plans following external inspections of the local area's SEND provision, and the Warwickshire Fire and Rescue Service.

The Committee was pleased to learn that Grant Thornton reported positively on governance arrangements and concluded that the Authority had enacted good procedures around risk monitoring, budget setting, scrutiny, and governance arrangements.

The Committee expressed concern about further increases in fees, driven by regulatory requirements, which was difficult to justify in the context of the Council's wider financial position, the lack of measurable change to the submission date or quality of work and the limited value of some of the additional activity being funded.

### **Internal Audit**

A professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The Council's Internal Audit Team carries out reviews of the Council's services throughout the year, identifying where there are issues and making recommendations. The Internal Audit Team operates in accordance with CIPFA guidance and the Public Sector Internal Audit Standards.

The outcomes of internal audits are reported to the Committee. On occasions these are considered by the Committee in closed session owing to the commercial or personal sensitivity of the matter being addressed.

During 2023/24, Internal Audit carried out a series of service and process reviews with a focus on specific areas. The audits covered and subsequently discussed by the Committee were:

- Independent Reviewing Service
- Goodyers End Primary School
- Shrubland Street Community Primary School
- Warwickshire Recovery and Investment Fund (WRIF)
- Pensions Administration
- High Meadow Infant School
- St Paul's C of E Primary School
- Bournebrook Primary School
- A46 Stoneleigh Junction Scheme
- S106 Developer Funding

- Fire & Rescue Resourcing of Protection
- Property Legislation Compliance
- Accounts Receivable
- Contract Management
- The Council's governance surrounding Warwickshire Property Development Group
- Adult Social Care and Support Management Information
- Workforce Planning and Establishment Control
- Anti Money Laundering and Ethics
- Cyber Security
- Unit 4 Financial System Cloud Hosting Project
- Climate Change
- Data Ownership
- Intranet / Website Governance
- Home To School (H2S)
- Traveller Site Infrastructure

The Committee followed progress against recommendations where issues were identified by audit outcomes and raised queries and conducted oversight when necessary. A number of proactive audit activities were also undertaken with Internal Audit providing guidance in relation to a number of key projects and activities at development stage.

In July 2023, the Committee considered the Internal Audit Annual report in which the Internal Audit Manager gave a Substantial Assurance opinion on the governance, risk management and internal control environment.

### **Oversight of Governance Arrangements**

Part of the Committee's remit is to monitor and review the governance arrangements of the Council, ensuring that robust systems of internal control are in place.

The Committee received the Annual Governance Report in November 2023 and gave attention to the staff gifts and hospitality and whistleblowing policies that had both been revised during the year. Other work highlighted was the staff code of conduct, modern slavery and human trafficking statements and legislative updates to the Constitution.

In March this year the Committee considered a report relating to the CIPFA Financial Management Code – WCC Self-Assessment 2022/23. Robust discussions were held relating to the Authority's compliance with the standards set out in the Code, which provided assurance that the Council was making appropriate financial decisions and providing value for money with appropriate checks and balances being carried out to make good decisions and manage risk.

## **Review of Overview and Scrutiny**

At the meeting in May 2023, the Chair asked for a progress update on the Overview and Scrutiny Working Group which was looking at the creation of a set of principles to inform scrutiny. The Group was the final stage in a series of actions to invigorate scrutiny and build on the good practice found within the review undertaken by Dr Jane Martin CBE. It was noted at a later meeting that all actions from the Scrutiny Review had now been completed.

## **Looking Ahead**

The Committee's membership for the coming year was completed following Annual Council on 14 May 2024:

John Bridgeman CBE	Independent Member and Chair
Cllr Jo Barker	Conservative
Cllr John Cooke	Conservative
Cllr Sarah Feeney	Labour
Cllr Bill Gifford	Liberal Democrat
Cllr Ian Shenton	Conservative
Cllr Bhagwant Singh Pandher	Conservative
Robert Edward Zara	Independent Member

The Committee will continue to receive updates from the external auditors and from the Council's Internal Audit Team in order to continue its support of good governance and strong financial management for the year ahead. The Committee received a report in March 2024 outlining the Internal Audit work planned for the next year.

The Committee will also review the financial statements of the Council and Warwickshire Pension Fund and the Annual Governance Statement for 2023/24, prior to their submission to full Council for approval.

In addition, Members of the Committee are encouraged to propose items for the work programme that they feel would merit further discussion.