

# Audit and Standards Committee

Thursday 23 May 2024

## Minutes

### Attendance

#### Committee Members

John Bridgeman (Chair)  
Councillor John Cooke  
Councillor Sarah Feeney  
Councillor Bill Gifford  
Councillor Bhagwant Singh Pandher  
Councillor Ian Shenton  
Robert Zara, Independent Member

#### Officers

Amy Bridgewater-Carnall, Senior Democratic Services Officer  
Paul Clarke, Internal Audit Manager  
Sarah Duxbury, Director of Strategy, Planning and Governance  
Andrew Harper, Head of Strategic Finance  
Chris Norton, Head of Investments, Audit and Risk  
Rob Powell, Executive Director for Resources

#### Others Present

Avtar Sohal, Grant Thornton

### 1. General

The Chair welcomed everyone to the meeting and expressed his gratitude to Virginia Rennie, Director of Finance who was due to retire soon. He described her as an ultimate professional and asked the Committee to join him in thanking her for her incredible contribution to the Council. John Bridgeman went on to describe her diplomacy skills, applauded that she could always be counted on and wished her all the best in the future.

#### (1) Apologies

Apologies for absence were received from Councillor Jo Barker and Virginia Rennie, Director of Finance.

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

None.

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

The minutes of the meeting held on 14 March 2024 were agreed as a correct record, noting the grammatical amendments made.

## **2. Update on External Audit Certification**

Andrew Harper, Head of Strategic Finance, introduced the report which was twofold, firstly introducing the external auditor's audit progress and annual update, along with a summary of the external issues and financial trajectory. Secondly, the report updated the Committee on the conclusion of the external auditor's work on the objection to the County Council's accounts for the financial year ended 31 March 2018.

Andrew Harper recognised the extensive work undertaken on this matter, advising that this had been formally closed on 10 April 2024 with a letter to the objector and shared with the Chair. The report advised that no further action would be taken but did include a best practice recommendation as detailed in paragraph 1.5. Andrew Harper concluded by advising that formal closure notices could now be issued.

The Chair expressed his relief that the objection to the accounts had now been dealt with and noted the importance of dealing with queries through the proper channels.

Avtar Sohal, Grant Thornton, thanked the Committee for their patience in relation to this matter and advised that the external auditors were looking to sign off all certificates in the coming weeks.

Following a question from the Chair about learning lessons, Avtar Sohal explained that the main delay in resolving this objection had been caused by capacity issues within Grant Thornton. He gave an assurance that the Council was prompt at responding to any queries or requests for information.

Further discussions followed about potentially spurious complaints and the processes that needed to be undertaken to address any queries raised.

Robert Zara, Independent Member, drew the Committee's attention to the reference made on page 22 in relation to preventing failure in Local Government and advice for Audit Committees. He felt that specialist training and support may be useful to new members, recognising that the guidelines were valuable to avoid complacency. The specialist training supplied to the Pensions Sub-Committee was discussed which was often delivered in shorter, online sessions.

Councillor Ian Shenton agreed, adding his support to the potential of specialist training. He also noted the changes to audit practices and queried if this was a dilution of audit's purpose.

Councillor Sarah Feeney referred to the section on Levelling-up Funds on page 26 and the key questions detailed. She hoped that the difficult questions would be asked about risky projects. Following a question from the Chair, she advised she was happy to take advice from officers but she, and other members, noted that they would not want to be precluded from asking challenging questions where necessary.

In relation to the training issue raised, Members were mindful of the lessons to be learned from those local authorities that had published Section 114 notices and whether specific areas of weakness had been identified.

Officers advised that opportunities for training with the LGA were being explored with a view to providing something later in the year.

## **Resolved**

That the Audit and Standards Committee

- 1) Consider and make any comments on the attached External Auditor's Progress Report and Sector Update; and
- 2) Note the External Auditor's conclusion to the objection to the 2017/18 Warwickshire County Council Statement of Accounts.

### **3. Draft Annual Governance Statement 2023-24**

Chris Norton, Head of Investments, Audits and Risk, introduced the report which detailed the Draft Annual Governance Statement 2023/24, as attached at Appendix 1.

Chris Norton explained that the report considered the governance arrangements and effectiveness of the Council's arrangements against key governance principles. It also set out key challenges and detailed the governance action plan from 2023/2024 onwards. The new directorate structure was also reflected along with assurance sign off from Directors.

The Chair raised a query in relation to the processes in place when staff transitioned to or from senior positions. In particular, he was interested in who had overall responsibility to ensure that handover and knowledge sharing were undertaken. In response, Chris Norton advised that in his experience most officers took advice from HR using the managing leavers checklist, knowledge transfer guides and IT handover lists.

Rob Powell, Executive Director for Resources, gave assurances that these issues were taken very seriously in senior roles, with robust planning undertaken for handover of roles. He gave an example of the recent changes in senior roles in Finance, with staff taking additional measures to ensure the Council's work could continue seamlessly.

Sarah Duxbury, Director of Strategy, Planning and Governance advised that the HR policies and procedures had been designed to pick up these issues and ensure that accountability was clear. The Executive Director for the relevant service area was ultimately responsible, however, she was not aware of any history of problems in this area.

Councillor Sarah Feeney raised a concern about school place provision, queried what Members could do to help ensure that suitable places were available in the right areas of the County and whether the Committee had a role to play in monitoring that. Rob Powell highlighted the difference between Executive and Audit matters and suggested that Overview and Scrutiny may be best placed to look at such issues in more detail. In terms of the remit of this Committee, he reminded Members that School Provision was on the risk register and reported on quarterly.

Members noted that this had been raised for discussion at Cabinet and full Council recently and was recognised as a significant issue. The funding challenges were also discussed along with the need to try to ensure the correct provision was made.

Having received no further questions, the Chair proposed the recommendation as laid out.

### **Resolved**

That the Audit and Standards Committee endorses the Draft Annual Governance Statement 2023/24 (AGS), at Appendix 1, for publishing and issuing to the Council's External Auditor.

#### **4. Warwickshire County Council - External Audit Risk Assessment 2023/24**

The Committee considered a report from Grant Thornton's representative, Avtar Sohal. He explained that this was an annual report, compiled of a series of questions asked of management designed to obtain an understanding of management processes and the Council's oversight of a number of areas.

Avtar Sohal explained that the management responses received, attached at Appendix A, seemed reasonable and there was nothing that presented a specific audit risk or that would appear to uncover any further work.

Following a question from the Chair, Andrew Harper advised that his team were responsible for compiling the management response and any changes would originate through them. He advised that there had been no changes as yet and all responses had been received on time.

In response to an additional question from the Chair, Andrew Harper went on to explain that the starting point for this work was to review past risk assessments and remove any that were no longer relevant. He would also be able to advise on those risks removed from last year as a record was kept of any changes.

In addition, Avtar Sohal explained that any changes would be included in the final findings report. He also assured the Committee that this was a high-level view and in line with expectations.

### **Resolved**

The Audit and Standards Committee

- 1) Considered the Audit Risk Assessment for 2023/24, attached at Appendix A; and
- 2) Note that the Executive Director for Resources will update this assessment, if any further information becomes available between this Committee and the draft 2023/24 Statement of Accounts being issued, with any changes being reported to the next meeting of the Committee.

## **5. Warwickshire Pension Fund - External Audit Risk Assessment 2023/24**

The Committee considered a report from Grant Thornton representative, Avtar Sohal. He explained that this was an annual report, similar to the previous report but relating to the Pension Fund key risk areas.

Avtar Sohal reiterated that the report did not contain anything of concern and any key issues and significant changes from last year's report were summarised in a table at section 1.3 of the report.

The Chair raised the issue of the cyber-attack on Capita systems from last year, the full details of which were still not fully known. He queried whether there were any lessons to be learned from their experience. Those Councillors on the Committee who also sat on pension meetings gave an overview of the training they had recently received on the dangers of cyber-attacks, which had proven very useful. Councillor Gifford was confident that the Warwickshire Pension Fund was not complacent when it came to raising awareness in this area.

Councillor Ian Shenton reminded the meeting that the trainers were keen to impress that the likelihood of cyber-attacks would increase in the future.

Chris Norton explained that AON had delivered the training and the Annual Governance Statement included commentary around cyber risk. This was flagged as a high risk on the risk register and quite rightly given a lot of attention.

### **Resolved**

That the Audit and Standards Committee considers and comments on the Audit Risk Assessment for 2023/24, attached at Appendix 1.

## **6. Audit & Standards Committee - Annual Report 2023/24**

Members received a report providing an overview of the work considered by the Committee over the previous year 2023/24. The report also looked ahead to issues the Committee would examine moving forwards.

The Chair, John Bridgeman, highlighted the variety of work undertaken over the last year and noted that this report would be submitted to Council in July 2024.

Councillor Gifford was pleased that the Committee had acknowledged the importance of the SEND funding issue and the Chair thanked him for raising it as an agenda item earlier in the year.

### **Resolved**

That the Audit and Standards Committee note and comment on the report prior to submission to Council in July 2024.

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

The Committee considered the work programme as set out in the agenda and noted that officers would continue to liaise to map out the timings of regular, standing reports throughout the year.

**Resolved**

That the work programme is noted.

**8. Any Other Business**

There was none.

**9. Reports Containing Exempt or Confidential Information**

It was resolved that members of the public be excluded from the remainder of the meeting as it would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**10. Internal Audit Update**

Members considered the exempt report and

**Resolved**

That the content of the report is noted.

**11. Exempt Minutes of the 14 March 2024**

The exempt minutes of the Audit and Standards Committee held on 14 March 2024 were agreed and signed by the Chair as a correct record.

The meeting rose at 11.11am

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Chair