

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 9 March 2022 in the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillors: Ashford, Barton, Davison, R Dickson, Jacques, Grey, Illingworth, Luckhurst, Mangat, Murphy, and Syson.

**Also present:** Councillor Cooke (Portfolio Holder for Place & Economy) and Councillor Hales (Portfolio Holder for Transformation/Resources).

## 74. **Appointment of Chair**

In the absence of the Chair, it was proposed by Councillor Dickson, seconded by Councillor Davison and

**Resolved** that Councillor Syson be appointed as Chair for the 9 March 2022 meeting.

Before proceeding with the agenda, the Chair asked Members to hold a moment of silence to remember the citizens in Ukraine who had suffered so much as a result of Russia's invasion.

## 75. **Apologies and Substitutes**

- (a) apologies were received from Councillor Tracey; and
- (b) Councillor Mangat substituted for Councillor Nicholls.

## 76. **Declarations of Interest**

There were no declarations of interest.

## 77. **Minutes**

The minutes of the meeting held on 9 February 2022 were taken as read and signed by the Chair as a correct record.

## 78. **Update on Joint Work of WDC and SDC**

The Committee considered a report from the Chief Executive which set out the progress of the work being done to enable effective scrutiny of the proposals to achieve joint working with Stratford-on-Avon District Council.

Appendix 1 to the report set out the Programme Risk Register.

Both Warwick District Council (WDC) and Stratford-on-Avon District Council (SDC) had agreed a vision to create a single statutory South Warwickshire Council covering all of the activities currently carried out by SDC and WDC by 1 April 2024.

Overview & Scrutiny Committee and Finance & Audit Scrutiny Committee had agreed that at each of their meetings, a progress report would be

submitted for consideration whilst work was ongoing to merge the service areas of both Councils and depending on the response from the Secretary of State, to enable scrutiny of the political merger also.

An addendum circulated prior to the meeting advised Members of further correspondence between the Democratic Services Manager & Deputy Monitoring Officer, Chief Executive and Programme Manager following the Scrutiny Chairman's briefing, including a Programme Implementation Gantt Chart and a Programme Implementation Plan (Outline).

In response to questions from Members, the Chief Executive advised that:

- There was the significant risk of the Government saying no to the merger, but the Council had to take a positive view that a good case had been put together, therefore a positive outcome was possible. There were still opportunities in the event the Government did say no.
- The Council had to prepare for elections in May 2023 until told otherwise; there was no set cut off point for confirming/postponing an election so it would be necessary to plan for them.
- In the event of an election, the Council would want the Town/Parish Council elections to take place at the same time as the District Council elections.
- If the merger was not allowed to go ahead, it would come back to Members to decide if they wished to continue with service integration; money could still be saved by service integration, but political integration alongside that would save more money. In any case, a political merger and service integration would only deliver part of addressing the forecast deficit, and there were other ways to do this, for example the savings plan agreed in February 2021 had provided some level of savings.

The Portfolio Holder for Transformation/Resources advised Members that in terms of ICT, a huge amount of work had gone through the Transformation PAB, and conversations with the Head of ICT on evaluating the service the Council wanted to deliver, getting licences, evaluating systems and working through a strategy.

The Chair commented that she was glad the staff were regularly kept up to date through the regular staff briefings held online.

**Resolved** that the report and appendix, be noted.

**79. Cabinet Agenda (Non-Confidential items and reports) – Thursday 10 March 2022**

The Committee considered the following items which would be discussed at the meeting of the Cabinet on Thursday 9 December 2021.

Item 5 – Treasury Management Strategy 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report and thanked officers for all of their hard work, especially that the work carried out so quickly and timely for the disinvestment from the two equity funds. Members noted that the timing of disposals had saved

taxpayers money, alongside meeting the Council's objectives of not investing in fossil fuel.

#### Item 7 – Community Infrastructure Levy (CIL) Projects List for 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members emphasised the need to ensure the Council was getting value for money from projects.

#### Item 8 – Annual Review of Regulation of Investigatory Powers Act (RIPA) Policy

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

### **80. Value for Money Report – Delay to Auditors Annual Report**

The Committee considered an update letter from Finance and Grant Thornton, the Council's Auditors.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies, the Auditors were required to submit their Auditor's Annual Report no later than 30 September, or, where this was not possible, issue an audit letter setting the reasons for delay.

As a result of the ongoing pandemic, and the impact it had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office had updated its guidance to auditors to allow the Auditors to postpone completion of their work on arrangements to secure value for money and focus resources firstly on the delivery of their opinions on the financial statements. This was intended to help ensure as many as possible could be issued in line with national timetables and legislation.

Grant Thornton wrote to the Chair of the Committee on 22 September 2021 to confirm that they expected to publish the Auditor's Annual Report, including commentary on arrangements to secure value for money, no later than 31 December 2021. In the Audit Findings update report, presented to the Finance and Audit Scrutiny Committee on 8 December 2021, they explained that they planned to present the Auditor's Annual Report on 9 February 2022.

They had been working closely with officers but owing to other priorities and commitments, such as finalisation of the budget, officers had not yet been able to provide the final pieces of information and evidence that was requested. It was now expected to publish the report by 14 April 2022. For the purposes of compliance with the 2020 Code, the letter constituted the required audit letter explaining the reasons for delay.

Mr Patterson, from Grant Thornton, advised Members that he had received the final pieces of information from questions the Auditor's had asked of officers earlier in the week and had a draft of the report which he would look at this week. Subsequent to that there might be further questions / clarifications, but he was therefore hopeful the work would be finished and reported to the April Committee meeting.

The Head of Finance advised Members that the Value for Money assessment was a lot more detailed than in previous years, which had impacted on all local authorities. The timing had not been ideal; some of the requests came through December/January/February when the Finance team had a focus on the budget. Value for Money assessment was also not just a Finance matter but was broader across the authority and something all management had to buy into; it was sometimes difficult to get responses from some Managers. A review was needed before next year's cycle to make sure the management team bought into it, and to see there were any further resources needed to lead on getting the required information. There was a need to stress to management to make sure responses were provided and that it was taken seriously in the future, and to make sure all management were committed to responding and taking the matter seriously and realise it was their responsibility.

The Portfolio Holder for Transformation/Resources was happy to take this message away and stress to management the importance in making sure responses were provided and emphasise that the Value for Money assessment was a key piece of work that needed completing.

In response to a question from Councillor Davison, Mr Patterson advised Members that there would be a project plan to work on putting more of a structure in place around how to manage the process of getting responses from Managers by certain set dates, and if there were no responses by those dates then there would be gaps, and it would be clearly shown where there were issues.

(The meeting was adjourned at 7.45pm for a comfort break and resumed at 7.55pm).

#### **81. Internal Audit Quarter 3 Progress Report**

The Committee considered a report from Finance which advised Members on the progress in achieving the Internal Audit Plan 2021/22, summarised the audit work completed in the third quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit. This would aid effective governance within the Council.

Seven audits were completed in the third quarter of 2021/22.

The Internal Audit reports arising from them were attached as appendices to the report.

Two audits completed in the quarter were awarded a lower than substantial assurance opinion. These were: Responding to Complaints and FOI Requests and Car Parking. Both audits were awarded a moderate level of assurance.

The action plans accompanying these reports were set out as Appendix 3 to the report. This detailed the recommendations arising together with the management responses, including target implementation dates. As could be seen in the Appendix to the report, responses had been received from managers to all recommendations that were made in these reports.

In response to questions from Members, the Audit & Risk Manager advised that it could be made clear in future whether the risks listed in the report were risks that had been addressed or were outstanding, perhaps by having a summary of the risks at the end of the report along with if they'd been addressed or outstanding. He would go back to his team to see if there was something they could come up with in this regard.

**Resolved** that the report and appendices be noted.

**82. Annual Governance Statement 2020/21 Action Plan: Review of Progress**

The Committee considered a report from Finance which advised Members of the progress that was being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2020/21. The appendix accompanying the report detailed the progress in addressing the Significant Governance Issues.

The recommendation would help fulfil Members' responsibility for effective corporate governance within the Council and provide assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement were being addressed.

Members felt that it would be helpful for a member of CMT to attend the meeting in future as it was they who had the responsibility of providing the responses relating to the Governance Issues laid out in Appendix 1 to the report and therefore the actions in the report.

The Portfolio Holder for Transformation/Resources was happy to take that message back to raise with CMT to ensure one of them attended to answer queries.

**Resolved** that the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2020/21, be noted.

**83. Internal Audit Plan 2022/23 – and Internal Audit Charter 2022/23**

The Committee considered a report from Finance which presented the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23 for consideration and approval.

The Internal Audit Plan was an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

The compilation of the Internal Audit Charter was a requirement of the Public Sector Internal Audit Standards.

Internal Audit usually presented a three-year strategic plan for approval. However, due to the programme of service integrations combined with the change of provision of the audits for Stratford-on-Avon District Council from Warwickshire County Council to WDC in 2023/24 (subject to approval), it was prudent to only set out a plan for one year in this instance.

The Internal Audit Charter for delivering this assurance was also included and was set out in Appendix 2 to the report.

In response to a question from Members, the Head of Finance suggested that where there was an internal audit report that had had a less than substantial assurance at the beginning of a quarter, then officers could have an informal conversation with the Chairman of the Committee to provide assurances on the situation and what actions were being taken.

**Resolved** that the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23, be approved.

**84. Review of the Work Programme and Forward Plan & Comments from the Cabinet**

The Committee considered a report from Democratic Services that informed the Committee of its work programme for the 2022/2023 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

**Resolved** that the report be noted.

**85. Public and Press**

**Resolved** that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

**86. Minutes**

The confidential minutes of the meeting held on 9 February 2022 were taken as read and signed by the Chair as a correct record.

(The meeting ended at 8.26pm)

CHAIR  
13 April 2022