

**AUDIT AND GOVERNANCE COMMITTEE**  
**Friday 22 September 2023**

**Present:**

Mr Knowles in the Chair

Councillors Crosby, Foster, Stewart and Trueman.

**In Attendance:**

Paul Wilson (Director of Finance), Paul Davies (Assistant Director of Assurance and Property Services), Mark Kirkham and Diane Harold (Mazars) and Gillian Kelly (Principal Democratic Services Officer).

**Declarations of Interest**

There were no declarations of interest.

**Apologies for Absence**

Apologies for absence were received from Mr Cook and Councillor McDonough.

**Minutes**

8. RESOLVED that the minutes of the meeting of the Committee held on 21 July 2023 be confirmed as a correct record.

The Director of Finance advised that training on treasury management would take place the following Monday for new members of the Committee and Cabinet Members.

**Risk and Assurance Map Update 2023/2024**

The Assistant Director of Assurance and Property Services submitted a report which asked the Committee to consider: -

- the updated Risk and Assurance Map and supporting Strategic and Corporate Risk Profiles based on assurances gathered from a range of sources;
- work undertaken by the audit, risk and assurance service during the year to date; and
- the performance of Internal Audit.

The Assistant Director of Assurance and Property Services directed Members to the Risk and Assurance Map and in doing so reminded the Committee that the Map and the Strategic and Corporate Risk Profiles had been agreed in April 2023 and had been updated following consultation with Chief Officers and relevant key officers. The Strategic Risk Areas summarised the risks to the priorities in the Council's City Plan and the Corporate Risk Areas were those which were due to the Council existing as an organisation. The changes to these were shown in red in appendices 2 and 3. Overall assurance was also provided in relation to Council owned companies and the Cumulative Assurance Position was Green or Amber for all Strategic and Corporate Risk Areas.

There had been no changes to the risk scores for Strategic Risk Areas but there had been updates to the wording in relation to: -

- R06 - *Unable to maximise the opportunities created by the Smart City Infrastructure.*
- R08 – *The Council is not able to fulfil its statutory responsibility for Children and Young People and also ensure families are supported to enable them to achieve their desired outcomes.* It was considered that this risk had an overlap with R09 *Families are not sufficiently resilient and resourceful to respond to challenges and achieve the best possible outcomes for their children* and these risks had now been combined into R08 with the risk description *The Council is not able to fulfil its statutory responsibility for Children and Young People and also ensure families are resilient to enable them to achieve their desired outcomes.*
- R013 – *Current model of social care cannot be sustained in the future, due to increasing pressures within the social care environment.*
- R014 – *Council resources and the input of residents are not fully optimised to tackle environmental issues in neighbourhoods.*
- R022 – *Aspirations to deliver the City Plan may be restricted by financial pressures.*
- Due to a number of pieces of Internal Audit work, the level of assurance provided by Internal Audit for *More and Better Housing* had moved from Amber to Green and assurance for *A lower carbon city with greater digital connectivity for all* was new and was Green.

There had been some changes to the Corporate Risk Areas in relation to Health and Safety as follows: -

- R36 – *Council officers do not fully understand H&S roles and responsibilities.* the score had been reduced from 8 (Amber) to 6 (Amber) due to an updated Health and Safety Policy and Strategy being agreed and improved access to documents on the Hub and SharePoint site.
- R37 – *The Council's key H&S risks are not identified, understood or agreed.* The score had been reduced from 8 (Amber) to 6 (Amber) due to increased

training received by senior officers and reporting to COG which had improved performance.

- R38 – *Appropriate action plans are not developed and agreed to manage the Council's key H&S risks.* The score had been reduced from 8 (Amber) to 6 (Amber) due to the introduction and progress with the rollout of the Health and Safety Management System across the Council.
- R39 – *Strategic approach to incident management does not adequately inform decision making.* The score had reduced from 6 (Amber) to 3 (Green) and reached its target score due to improved reporting to senior managers on a monthly basis and reporting to the Health and Safety Executive Forum.
- The assurance rating from the Business Continuity and Emergency Planning Lead in relation to R45 'Lack of awareness of content of business continuity plans' had changed from Amber to Green. This had resulted in the overall assurance rating for Business Continuity moving from Amber to Green which had been reflected in the Risk and Assurance Map.
- Due to a number of pieces of Internal Audit work, the level of assurance provided by Internal Audit for Procurement had changed from Amber to Green due to positive results from a recent audit and assurance for Information Governance/Security had also gone from Amber to Green and overall assurance rating on the Risk and Assurance Map had changed to Green.

Performance in relation to targets set for Internal Audit was shown at Appendix 5 with all Key Performance Indicators being on target.

Councillor Trueman referred to the recent equal pay claim and how this might have an impact on the Council's risk position. The Assistant Director of Assurance and Property Services noted that this had been a risk in the past which had then been resolved when the claim was settled. The Director of Finance stated that there were processes in place but nothing formal had been received as yet by the Council; the position would be kept under review and dealt with as appropriate.

Councillor Crosby made reference to the recent issues with Grace House and the potential expense for Together for Children and the Director of Finance commented that these matters would come through Cabinet and the relevant scrutiny committee.

Mr Knowles was pleased to note that all indicators were moving in the right direction, however he highlighted that Business Continuity Management for Together for Children had moved from Green to Amber.

The Assistant Director of Assurance and Property Services explained that Together for Children had business continuity plans for all areas and a member of staff in a co-ordinating role, however at the time of the audit the post was vacant and it was not clear who was going to take on the role. The audit therefore highlighted a time specific issue and once this was resolved the rating would move back to Green.

Having considered the Risk and Assurance Map, it was: -

9. RESOLVED that the report be noted.

### **Audit Strategy Memorandum**

The Council's external auditors, Mazars LLP, submitted their Audit Strategy Memorandum for the year ending 31 March 2023.

Mark Kirkham of Mazars presented the Audit Strategy Memorandum and in doing so highlighted that the document set out the auditor's responsibilities under the National Audit Office Code of Practice, the detail of the audit scope, approach and timeline.

The summary risk assessment had identified the following significant risks: -

- Management override of controls
- Valuation of property, plant and equipment and investment properties
- Valuation of the net defined benefits (liability)/asset valuation.

Diane Harold highlighted that there was an unusual situation in that there had previously been a net pensions liability of £380m on the balance sheet which was now an asset of £21m. The Director of Finance commented that this had been seen in other local authorities, not all were in an asset position liabilities had decreased hugely due to the triennial valuation.

Diane went on to say that there were plans in place to receive the required level of assurance, noting that there were five subsidiary and joint ventures to be assessed as components of the Group audit approach. Together for Children was the only significant component where extra assurance would be sought from their accountants, Robson Laidler. The other group components would be subject to a desktop analysis.

For the Value for Money assessment there had been no risk of significant weakness identified at this time. It was noted that the proposed audit fees had increased for 2022/2023 although this would be partly offset by the PSAA rebate. Overall materiality for the Council was £16.581m and triviality was £497,000.

Mr Knowles asked if the scope and significant risks identified by the external auditors aligned with the views of management and the Director of Finance stated that the areas reflected the complexities and challenges of the Council position and that the team carried out a lot of testing and worked closely with Mazars throughout.

Mark Kirkham highlighted that although there was no change in Government policy at the present time, consultation was taking place on the timetable for external auditors and local authorities.

The Director of Finance advised the Committee that usually the Statement of Accounts would be agreed at this meeting but it was now planned to arrange a meeting for late November to consider the conclusion of the Accounts. Mark added

that the audit team had been reconfigured and it was intended to complete the work by the end of November and report their findings during that month.

Following consideration of the report, it was: -

10. RESOLVED that the Audit Strategy Memorandum be noted.

### **Dates and Times of Next Meetings**

11. RESOLVED that the following schedule of meetings be noted: -

Meeting to be arranged in November 2023

Friday 2 February 2024 at 1.30pm

Friday 26 April 2024 at 1.30pm

(Signed) M KNOWLES  
In the Chair

