



Minutes of the meeting of the Audit & Governance Committee held on 26 June 2024 when there were present:-

Chair: Cllr N Harvey

Cllr L Breading

Cllr J Huntman

VISITING MEMBERS

Cllr S Brooke

OFFICERS PRESENT

A Hutchings - Chief Executive

S Worthington - Democratic Services Manager

It was noted that due to a scheduling error members of the Council's majority party weren't able to attend this meeting. It was emphasised that, given the important nature of the business included on the agenda, members of the majority party should be present.

Cllr N Harvey moved a Motion, seconded by Cllr J Huntman, that the meeting be adjourned until 3 July 2024, and this was unanimously agreed.

Resolved

That the meeting be adjourned to 3 July 2024.

The meeting was adjourned at 7.04 pm.

Minutes of the reconvened meeting of the Audit & Governance Committee held on 3 July 2024 when there were present:-

Chair: Cllr N Harvey

Cllr N Benson
Cllr L Breading
Cllr A Harbinson

Cllr J Huntman
Cllr D Silk
Cllr B Wimbledon

VISITING MEMBERS

Cllr S Brooke

OFFICERS PRESENT

A Hutchings	- Chief Executive
A Law	- Assistant Director Legal & Democratic Services
L Wosko	- Assistant Director Finance & Procurement
A Barnes	- Head of Internal Audit
S Worthington	- Democratic Services Manager

ALSO PRESENT

D Hanson	- Associate Partner, EY
J Dawson	- Partner, EY

APOLOGIES FOR ABSENCE

Cllr A Edwards

34 DECLARATIONS OF INTEREST

There were none.

35 MINUTES

The Minutes of the meeting held on 10 April 2024 were agreed as a correct record and signed by the Chair.

36 EXTERNAL AUDITOR'S DRAFT ANNUAL REPORT 2020/21

The Committee considered the report of the Council's external auditor drawing Members' attention to the draft 2020/21 Annual Audit Report.

The EY Annual Audit Report pulled together EY's report in respect of the Council's financial statements audit and value for money report. The external auditors drew Members' attention to some of the key conclusions of their report summarised on page 7, beginning with the conclusions in respect of the financial statements audit.

EY was issuing a disclaimer of opinion in light of the issues set out on pages 11 to 15 of the report; they were unable to conclude on the completeness, accuracy and reliability of information and representations received from senior management who were in post at the time of the preparation of the financial statements for 2020/21. EY had therefore concluded that they did not have the necessary evidence to issue an audit report on the financial statements for the year ended 31 March 2021. It was therefore not appropriate for EY to conclude on whether the use of the going concern basis of accounting was appropriate.

EY was also unable to give an opinion on the consistency of financial information in the narrative statement published with the statement of accounts as they were issuing a disclaimer of opinion.

They had identified a serious and pervasive weakness in governance arrangements in relation to the effective operation of internal controls and oversight of financial transactions and procedures regarding recruitment, promotion and pay and conditions approval which had led to a disclaimed opinion on the financial statements.

EY was required to report if, in their opinion, the Annual Governance Statement was misleading or inconsistent with other information forthcoming from the audit or their knowledge of the Council. They had nothing to report.

EY was not currently minded to exercise their auditor powers on the basis that the Council had taken action now to address the issues and underlying weaknesses and that the details had been made public by the Council. This would, however, be kept under review. EY drew attention to a number of recommendations in its value for money commentary in the report.

Resolved

- (1) That the draft Annual Audit Report for the year ended 31 March 2021 be noted.

37 FINANCIAL STATEMENTS 2020/21

The Committee considered the report of the Assistant Director Finance & Procurement presenting the audited financial statements for 2020/21 for approval.

The draft Financial Statements were previously presented to the Committee in April 2022; since then amendments had been required to the narrative of the document but not to the numbers in the accounts, which had not changed. The first significant amendment was the addendum to the Annual Governance Statement (AGS). It was a requirement that the Annual Governance Statement was up to date at the time of approval of the accounts. It was therefore necessary to reflect all of the work that had been undertaken following the issues identified with senior management pay and conditions.

Rather than undertaking a complete re-write of the Annual Governance Statement, an addendum to the AGS was issued bringing together all the work undertaken by the Council, the Council's internal auditors and EY. It contained the same information that had been presented to a number of different fora including Full Council earlier this year. It also included a redacted version of the internal audit report that was completed. The addendum includes an action plan and many of the actions had already been concluded. There were two actions underway that were expected to be completed by September.

The second change that was made to the statement of accounts was to the events after the balance sheet date note. This had to be updated due to the delay in publishing the approved accounts; the change was to signpost the reader to the addendum to the AGS. The final change was to the statement of responsibilities. This reflected that the Section 151 Officer had changed from when the statement of accounts was originally prepared to now and highlighted the irregularities that were found and again signposted the reader to the addendum to the AGS.

It was reiterated that there were no changes to the actual numbers in the accounts.

In response to a Member question as to whether officers could provide the Committee with the assurance that the changes that had been put in place could prevent what had happened in the past recurring, officers confirmed that there had been significant changes put in place. There was a new management structure in place, a new Constitution which clarified a number of roles and responsibilities and what individuals could and couldn't do under delegated authority and accordingly this assurance could be given.

A Motion moved by Cllr N Harvey and seconded by Cllr N Benson that the recommendations set out in the report be approved was agreed unanimously on a show of hands.

Resolved

- (1) That the financial statements be approved in substance by the Committee.
- (2) That the Chair, in consultation with the Section 151 Officer, is given delegated authority to sign the accounts once EY have finalised the annual audit report and it is ready for issue.
- (3) That the Addendum to the Annual Governance Statement set out in the financial statements be approved for signing by the Leader and the Chief Executive.

The meeting closed at 7.16 pm.

Chair

Date

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