



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 13th September 2021

PRESENT : Cllrs. Wilson (Chair), Bowkett, Patel, Melvin, Lewis and O'Donnell

Others in Attendance

Head of Policy and Resources
Head of Audit, Risk and Assurance (ARA)
Deloitte Representatives
Accountancy Managers
Principal Auditor – Gloucester City Council
Democratic and Electoral Services Team Leader

APOLOGIES : Cllrs. Brooker, Durdey, Evans, Pullen

11. DECLARATIONS OF INTEREST

11.1 There were no declarations of interest.

12. MINUTES

12.1 The minutes of the meeting held on 19 July 2021 were signed by the Chair as a correct record.

13. PUBLIC QUESTION TIME (15 MINUTES)

13.1 There were no public questions.

14. PETITIONS AND DEPUTATIONS (15 MINUTES)

14.1 There were petitions nor deputations.

15. DELOITTE EXTERNAL AUDIT REPORT 2020/21 (ISA 260 TO THOSE CHARGED WITH GOVERNANCE)

15.1 Two representatives from Deloitte's presented the report. Members were informed that the audit had progressed well and would be signed off by 30

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September. It was stated that an unqualified opinion would be issued and that this represented a positive position. In terms of the Value for Money audit, no significant weaknesses had been identified.

- 15.2 The external auditors outlined that there were three areas of focus: Pension liabilities, valuation of property assets and Gloucestershire Airport Limited (in respect of which, specialist external valuers had been engaged). In relation to significant risks that were considered, these were completeness of creditors, property valuations and management override which was mandatory and of which there was nothing to be brought to the committee's attention. None of these were particularly unusual risks.
- 15.2 The Chair thanked the external auditors for their work and stated that it was pleasing that no adjustments were necessary. He further stated that he was reassured by the successful audit.
- 15.3 In respect of representations that were required of the Audit and Governance Committee, Councillor Patel noted the requirement that a letter be provided and queried if it had been. The external auditor advised that this was asking if there was any awareness of fraud activity of which there was not.
- 15.4 The Chair noted that it appeared that the general fund would have to be adjusted by £800k and queried whether this had been taken into account. The Head of Policy and Resources confirmed that the general fund would balance back during the current financial year. He also confirmed that it would not be necessary to make any adjustments to the accounts.
- 15.5 With regard to control deficiencies and the fixed asset module, the Chair queried whether this was an issue with not using a particular piece of software. Deloitte's confirmed that this would have been raised in any event.
- 15.6 In relation to referrals to more senior officers, the Chair asked whether the segregation of duties between officers was something that would be audited. Deloitte's confirmed that the gold standard would be to have one senior officer deal with this.
- 15.7 **RESOLVED that:-** The Audit and Governance Committee **NOTE** the report.

16. ANNUAL GOVERNANCE STATEMENT, LOCAL CODE OF CORPORATE GOVERNANCE AND COUNCIL WIDE ASSURANCE MAP 2021/22

- 16.1 The Head of Audit, Risk and Assurance (ARA) outlined the report, informing Members that it was a legal requirement to produce such a document and usually accompanied the statement of accounts. The report was to show that the audit team ensured sound governance arrangements and detailed key governance issues over the course of the year. The Head of ARA further outlined that the Annual Governance Statement was being reviewed for the next year.
- 16.2 The Chair praised the work in producing the report and stated his view that it was a useful document, particularly for newer Members, in providing a broad

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overview of how governance works in local government. In response to query regarding when audits of the progress of the climate change strategy and investment portfolio risk would take place, the Principal Auditor advised that the climate change strategy would be considered in Quarter 4 and that the work on the investment portfolio was still at the scoping stage. The Head of Policy and Resources confirming that the signatures of the Managing Director and the S. 151 Officer had been added to the document.

16.3 RESOLVED that: -

The Annual Governance Statement 2020/21 (including the actions planned by the Council to further enhance good governance arrangements), as set out in Appendix 1 be approved; and

that an update on actions taken by the Council to further enhance good governance arrangements be provided to the January 2022 Audit and Governance Committee meeting.

17. STATEMENT OF ACCOUNTS

17.1 Accountancy managers provided an overview of the accounts. They informed Members that some larger figures were related to plant and land and that income was lower than expected.

17.2 Councillor Melvin queried why the deficit appear as high as it did under the commercial property head. The Head of Policy and Resources clarified that, whilst the original budgeting position was for £2.7m, it had in fact been £5m as the budgeted income did not account for St. Oswalds. Additionally, the markets were considered an expenditure rather than income.

17.3 With regard to the rent of the Hempsted site by the NHS, Councillor Melvin queried where this had been allocated. It was confirmed that this was headed as commercial property.

17.4 Councillor Patel queried what made up the figure of £105k for the write off of assets. The accountancy managers explained that this was as a result of write offs which took place the previous year and was a case of writing them off from the asset register.

17.5 **RESOLVED that:-** The Chair and Head of Policy and Resources are delegated to approve and sign the Statement of Accounts upon completion of the pension fund audit and subject to any subsequent changes.

18. INTERNAL AUDIT ACTIVITY 2021/22 - PROGRESS REPORT

18.1 The Head of ARA outlined the report and provided the committee with an update on counter fraud activity which consisted of three issues having been raised of which two were outstanding. The Chair noted that there were a number of audits being undertaken which would be reviewed at the next meeting.

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18.2 The Chair noted that an audit was planned in respect of the elections which took place in May 2021. The Principal Auditor confirmed that this was a financial audit in respect of the election accounts and the claim made to central government. He confirmed following a query from the Chair regarding whether rejected postal votes would be audited that the ARA team's remit in this respect was related to financial matters only. The Principal Auditor also confirmed that the team was on target for the year.

18.3 **RESOLVED that:-**

- (1) The progress against the Internal Audit Plan 2021/22 be approved; and
- (2) That the assurance opinions provided in relation to the effectiveness of the Council's control environment (comprising risk management, control and governance arrangements) be accepted.

19. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

19.1 **RESOLVED that:-** The Audit and Governance Committee note the work programme.

20. DATE OF NEXT MEETING

Monday 15 November 2021 at 6.30pm in the Civic Suite, North Warehouse.

Time of commencement: 6.30 pm hours

Time of conclusion: 7.10 pm hours

Chair