

# **Cheltenham Borough Council Audit, Compliance and Governance Committee Minutes**

**Meeting date:** 12 July 2023

**Meeting time:** 6.00-6.50pm

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**In attendance:**

**Councillors:**

Paul McCloskey (Chair), David Willingham (Vice-Chair), Matt Babbage, Adrian Bamford, Tabi Joy and John Payne

**Also in attendance:**

Jaina Mistry (Principal Auditor), Paul Jones (Executive Director of Finance, Assets and Regeneration), Beth Cordingley and Adam Morley (Senior Auditor)

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## **1 Election of Chair**

The outgoing Chair, Councillor McCloskey, took the chair for the election of Councillor Bamford as the new Chair.

Proposer: Councillor Payne

Secunder: Councillor Willingham

UNANIMOUS

Councillor Bamford took the chair for the remainder of the meeting, and thanked Councillor McCloskey for doing an excellent job as Chair.

## **2 Apologies**

Apologies were received from Councillor Beale.

### **3 Declarations of interest**

There were none on this occasion.

### **4 Minutes of the last meeting**

The draft minutes of the meeting held on 19 April 2023 were approved as a true record and signed accordingly.

### **5 Public and Member Questions**

There were none.

### **6 Internal audit opinion 2022-23**

The Principal Auditor (SWAP) said the report provides an annual audit opinion for 2022-23. She highlighted that this year's assurance is low-reasonable, down from low-substantial last year, primarily due to five Priority 1 recommendations issued this year. There have been no limited assurance opinions in any of the areas audited.

In response to Members' questions, the Principal Auditor and Executive Director for Finance, Assets and Regeneration confirmed the following :

- the recommendation around procurement cards mostly concerns policy and making sure this is updated; a lot of work has already been done;
- regarding taxi licences, the team is waiting on some clarification before it can close the actions. These were expected at the end of June and are being actively followed up;
- as an authority, we would always aim for a substantial assurance, as was achieved last year. As explained, the main driver for this year's low-reasonable opinion is one report discussed in exempt session last week, and the key action is to pick up some of those Priority 1 recommendations around programme and project management.

A Member said that the Licensing team should be commended on having asked for an internal audit of its processes to ensure taxi drivers are fit and proper, following a number of allegations made against drivers. He understood that no issues had been identified and welcomed the recommendations, adding that this sent a message to other parts of the council to take the same open approach and ask internal audit to look at any areas of concern within their service.

Officers went on to provide the following responses to Member questions:

- regarding the in-depth examination of that report and whether other processes are examined to the same extent, scoping is always worked out with the service manager, based on the main risks in the area. The audit team cannot go into complete depth in every audit, but risk is the first consideration, based on the service managers' knowledge of their area;
- Members should be reminded of the cyclical nature of audit committee - which agrees the audit plan for the next 12 months. At the last meeting there was a

discussion about making this more flexible. Members were also encouraged to raise any areas of concern with the committee, SWAP or the Executive Director for Finance, Assets and Regeneration;

- SWAP is an asset to the council, here to assist management with controls to ensure correct processes and protocols are in place;
- the number of Priority 2s and 3s is set out on the first page of the report, and is down on 2021-22, with no other limited assurance opinions;
- SWAP has procedures and dates in place to actively follow up on the Priority 1 opinion;
- the corporate governance group (Chief Executive, Monitoring Officer, and S151 Officer), together with SWAP and CFEU attendees and Head of Performance, Projects and Risk keep a close eye on all audit opinions, and are aware that the five Priority 1 opinions are predominantly about internal governance. Members should have received some assurance that action and progress on the majority of these has already started;
- the Priority 1s are monitored quarterly by the internal governance group, and can be brought to Overview and Scrutiny or Audit, Compliance and Governance Committee at any time. The Chairs of both committees are present, and may like to collaborate with regard to a time for a progress update to be prepared.

A Member noted that the performance of Publica was reported as medium-reasonable, but getting this information for Overview and Scrutiny is always difficult. He asked if the report related to the information Publica shares on performance or operational information. The Principal Auditor believed it was operational, but said she would confirm.

The Chair noted that no vote was needed, but that the Committee had considered and noted the contents of the report.

## **7 Information Requests Annual Report 2022-23**

The Customer Relations and Information Officer presented her report, which detailed information requests under Freedom of Information and Environmental Information Regulations. There were 546 requests in the last year, of which 90% were completed within the 20-day deadline, in line with the ICO target.

A Member congratulated the team on a very good performance, with better figures than last year in spite of what could be some very obscure requests. Other Members reiterated this, acknowledging how essential FOI requests are in the openness and transparency of local government.

In response to Member questions, the Customer Relations and Information Officer said that:

- where there are common or repeated FOI request subjects, officers aim to publish as much as possible, though this will not necessarily change the figures, as the request is still recorded as being directed to publicly available information.

It is hoped, however, that by publishing the information, there will be fewer requests, as people may go to the website first;

- regarding more complex requests, and whether the £450 limit is applied rigorously, officers about to provide information will be able to tell straight away if there is any chance of coming anywhere near that limit. Certain aspects of responding to requests are included in the limit, but officers will always look at limiting the information provided if necessary to ensure they will not go over the top.

A Member said this year's figures are positive, but it would be good to see three years' worth of figures next year, to see the long-term trend. It was obvious that the targets fluctuated but he wondered who set the targets and thought they should be at least 85%. The Customer Relations and Information Officer said the target will be set at 90% next year, and she can definitely provide more figures in her next report. She agreed that targets fluctuated, but pointed out that there was no real control on the number of requests coming in. The Member said it was good to note that procedures are working.

No vote was required on this item.

## **8 Annual Governance Statement and review of Code of Corporate Governance**

In the absence of the Monitoring Officer, the Executive Director for Finance, Assets and Regeneration introduced the report, explaining that the council has a statutory duty to prepare an Annual Governance Statement as part of the Statement of Accounts, and should seek to assess itself against its Local Code of Corporate Governance in preparing the Annual Governance Statement.

One Member was particularly pleased to see that project and programme management featured prominently in the statement. He said that the council moving into a much more project-orientated environment, and hard lessons of the last few months has demonstrated that project and programme management are absolutely key; anything which enhances that structure is to be supported.

One Member was very impressed with the Local Code of Corporate Governance document, which was like a user manual, explaining in a clear way exactly how the council works. He recommended it to all councillors. He noted from the chart at the back of the report that Treasury Management Panel appears to have no role in governance and wondered if it, together with Budget Scrutiny Working Group and Asset Management Working Group, should appear somewhere.

The Executive Director for Finance, Assets and Regeneration referred this to the Monitoring Officer for a formal answer, but suggested the rationale was likely to be that these are working groups which feed into cabinet. He thought a footnote to recognise those groups and explain their role in governance would be helpful.

With no further comments, the Chair moved to the vote where Members unanimously

#### **RESOLVED TO:**

- **approve the draft 2022/23 Annual Governance Statement and the 2023/24 Local Code of Corporate Governance.**

### **9 Work Programme**

The Chair invited any comments on the Work Programme from those present.

A Member noted that when he became Chair of Audit, Compliance and Governance Committee, he understood that part of his role was to sign off accounts, but had not done so. He asked for an explanation of the different sets of accounts still to be signed off, and at what stage they all are in the process.

The Executive Director for Finance, Assets and Regeneration said that the local government audit issue is a national problem, with over 500 outstanding audit opinions from 2021-22 in England alone. CBC's external auditors, Grant Thornton, are not present tonight as their priority March-June is the NHS, but they will be at the next meeting to complete the 2021-22 statement of accounts. The fact that this work has been more or less complete for 12 months makes the backlog even worse, as the valuations of buildings, pension funds and so on are now out of date and will have to be done again.

He said that government advisory boards are looking at ways of simplification to address the backlog, so everyone can get on with 2023-24, adding that the delays weren't helpful as CBC's new auditors and Grant Thornton will overlap. Grant Thornton's commitment is to complete the 2021-22 audit in July to present for formal ratification at the September meeting, and then complete the 2022-23 audit by January 2024. From a CBC perspective, Members will be aware that the government delayed publication of draft accounts by a couple of months during Covid, but with no-one available to carry out the audits due to the backlog, there seems little point. He put on record that the in-house finance team delivered its draft accounts by 31 May 2023.

The Chair said that Grant Thornton had implied previously that there were not likely to be any substantial changes regarding the financial impact.

No vote was required for this item.

### **10 Any other item the Chair determines to be urgent and requires a decision**

The Chair did not have any urgent business on this occasion.

## **11 Date of next meeting**

The next meeting is scheduled for 26 September 2023.