
Governance Committee annual report – 2023-24

Committee considering report:	Council
Date of Committee:	18 July 2024
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Joseph Holmes (Executive Director, Resources)
Forward Plan Ref:	C4574

1 Purpose of the Report

This report is an annual summary of the activities of the Governance Committee for the 2023-24 municipal year. The report is intended for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2023-24 as well as some of the actions and changes that have occurred due to the Committee's activities.

2 Recommendation

For Full Council to note the report

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None identified
Human Resource:	None identified
Legal:	None identified
Risk Management:	None identified
Property:	None identified
Policy:	None identified

	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		No decisions required in the paper
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Environmental Impact:		X		None identified
Health Impact:		X		None identified
ICT Impact:		X		None identified
Digital Services Impact:		X		None identified
Council Strategy Priorities:		X		None identified
Core Business:		X		None identified
Data Impact:		X		None identified
Consultation and Engagement:	Corporate Board; finance governance group.			

4 Executive Summary

- 4.1 This report is an annual summary of the activities of the Governance Committee for 2023-24. The report is for Full Council to provide a summary of key areas that the Committee has considered during the Municipal Year 2023-24 as well as some of the actions and changes that have occurred due to the Committee’s activities. A key area of concern was the work of the Council’s external auditors during the year leading to the likely, at the time of writing, disclaimer opinion from Grant Thornton (the Council’s external auditor) for the 2021-22 and 2022-23 financial years, as well as the consequential impact on delays to the 2023-24 external audit work (to be completed by the Council’s new external auditors KPMG).
- 4.2 As well as the summary included in the supporting information below, the Committee also has oversight of Standards issues and this report needs to be read in conjunction with the Monitoring Officer’s report for 2023-24.
- 4.3 Members also had training on key areas of the remit of the Committee during the Municipal Year.

5 Supporting Information

Introduction

- 5.1 The summary below highlights the key items that have come to the Committee over the previous year and what action was taken as a result of these. The summary is of the themes and individual reports highlighted alongside commentary on the action taken

Summary Table of activities for 2023-24

Theme	Summary of reports	Actions
Internal Audit	<p>The committee received the annual report for 2022-23 and has received updates quarterly during 2023-24. The overall conclusion has been ‘reasonable assurance’ can be given for 2022-23 and that during 2023-24 there have been a range of audit opinions with the majority providing satisfactory levels of assurance.</p> <p>The Council commissioned an external assessment of its internal audit function (completed by CIPFA). This concluded that the Council ‘fully conformed’ with the internal audit requirements and the committee congratulated the internal audit team on this work.</p>	<p>Reports were noted and the external assessment results praised.</p>

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Theme	Summary of reports	Actions
<p>Financial Statements and External Audit</p>	<p>The committee approved the financial statements for 2020-21 in September following the completion of Grant Thornton’s work for that financial year.</p> <p>The committee has not received a report from grant Thornton (the Council’s external auditors until the audit year 2022-23) on their completed audit. The Committee were informed that Grant Thornton would not complete their 2021-22 work nor start the 2022-23 audit. The Government have consulted on ‘disclaiming’ all incomplete audits up until 31.3.2023. The committee was very concerned by this situation and asked a range of questions about why it had occurred.</p> <p>The committee received a report on preparations for the 2023-24 financial statements preparations. This was on the back of the Council being one of 30% of Councils nationally producing their financial statements on time for 2022-23.</p>	<p>The committee approved the financial statements for 2020-21</p> <p>The committee made a variety of recommendations, including seeking to gain assurance around the future audit contractual arrangements, writing to Grant Thornton (GT) expressing the committee frustrations and seeking assurance on the ‘non fault’ disclaimer opinion, and ensuring that the new external auditors were aware of GT’s work.</p>
<p>Value for Money work – External Audit</p>	<p>The committee received a formal letter from the Grant Thornton about their concerns over financial sustainability. The committee discussed this at length to gain assurance over remedial actions that the Council was taking.</p> <p>The Committee received a report of the External Auditor’s (Grant Thornton) work on Value for Money for 2021-22 and 2022-23. The auditor’s judgement highlighted one significant weakness on financial sustainability in respect of its</p>	<p>The committee noted the report</p>

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Theme	Summary of reports	Actions
	low levels of reserves, with no significant weaknesses for governance or improving economy, efficiency and effectiveness.	
Treasury Management	The committee received the mid-year report and the strategy report for the year ahead to consider. The committee asked a range of questions around the Council's arrangements.	The committee debated the paper
Risk Management	The committee received bi-annual updates and for the first time in many years, included a part I paper on risk management progress with an updated 'heat-map' of risks. Members asked a range of questions around 'de-escalation' and management risk effectively.	The committee debated the paper
CIPFA Financial Management Code	The committee considered management's self-assessment against the CIPFA financial management code and noted that this will be used by KPMG (the Council's new external auditors) as part of their assessment of the Council.	The committee debated the paper
Constitution updates	The committee considered amendments to the Joint Public Protection Committee.	The committee reviewed and approved the paper to Full Council
Annual Governance Statement (AGS)	The committee considered the AGS for 2022-23 and noted that changes included within it and discussed timescales for some of the key actions.	The committee approved the AGS subject to the final audit of the financial statements (see above point raised with GT)

6 Other options considered

There is the option to have no annual report of the work of the Governance and Ethics Committee though this has been rejected on the basis that it is important there is a summary of the Committee's work during the year.

7 Conclusion

- 7.1 The Committee have considered a variety of reports as well as approving reports for Full Council to consider. There has been significant input from members of the committee and the independent member to question officers and external auditors on the reports that have been presented, with a number of reports then being provided to Full Council to support the Council's governance framework. A significant amount of the committee's work was considering reports, which were very late, from the Council's external auditors and the implication that these have for the Council on Value for Money and delays, and non delivery, of the audit of the financial statements.
- 7.2 The committee was pleased to note the positive outcome of the independent assessment of the Council's internal audit team.

8 Appendices

None

Background Papers:

Governance Committee papers

Subject to Call-In:

Yes: No:

The item is due to be referred to Council for final approval

Report is to note only

Wards affected: All

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