

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 29 November 2023 commencing at 1.00 pm and finishing at Time Not Specified

Present:

Voting Members: Councillor Roz Smith – in the Chair

Councillor Brad Baines (Deputy Chair)
Councillor Trish Elphinstone
Councillor Jenny Hannaby
Councillor Nick Leverton
Councillor Judy Roberts

By Invitation: Dr Geoff Jones

Officers:

Whole of meeting Jack Ahier (Democratic Services Officer), Lorna Baxter (Director of Finance), Anita Bradley (Director of Law and Governance and Monitoring Officer), Colm O’Caomhanaigh (Democratic Services Manager), Simon Harper (Head of Governance), Katherine Kitashima (Audit Manager).

Part of meeting Declan Brolly (Counter Fraud Team Manager), Tim Chapple (Treasury Manager), Councillor Stefan Gawrysiak (Henley-on-Thames), Matt Cook (Deputy Chief Fire Officer), Faisal Atcha (Station Manager B Org Assurance), Adrian Bulmer (Ernst and Young).

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.

73/23 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies of absence were received from Councillor Yvonne Constance OBE (Shrivenham), Councillor Ted Fenton (Witney West and Bampton) and Councillor Ian Middleton (Kidlington South).

74/23 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

No Declarations of Interest were received.

75/23 MINUTES

(Agenda No. 3)

The Committee approved the minutes of the meeting held on 20 September 2023 and authorised the Chair to sign them as a correct record. All actions had been completed.

The Committee were informed that the Executive Summary of the Local Government and Social Care Ombudsman's Annual Review Report would be presented at the next Committee meeting. Feedback being fed back into the system from the Executive Summary emphasized as critically important by Committee members.

Reports regarding social media were requested for future sessions by the Committee.

ACTION: The Head of Governance will endeavour to revisit the table of complaints to add whether complaints were from the public or another Member and update formatting to be clear if no further action was taken.

ACTION: The Executive Summary of the Local Government and Social Care Ombudsman's Annual Review Report to be presented at the next Committee meeting.

Resolved: that the minutes of the meeting held on 20 September 2023 were a true and accurate record.

76/23 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no petitions or requests of public address received.

77/23 COUNTER FRAUD UPDATE

(Agenda No. 5)

The Committee received an update on the activity against the Counter Fraud Plan for 2023/24 by the Counter Fraud Team Manager, Declan Brolly. The Counter Fraud Team Manager informed the Committee that the full report on counter fraud activity had been presented to the Audit Working Group on the 8th November 2023, where detailed discussions had taken place on live investigations and possible sanctions.

Updates on recent exercises on the 26th September 2023 relating to the misuse of blue badges were given to the Committee, which resulted in two blue badges being seized. The Committee commended the work of the team for their diligent work on counter fraud.

The Committee were made aware of the National Fraud Initiative (NFI) database matching being complete, with full outcomes detailed in the report.

Specific concerns were relayed to the Counter Fraud Team Manager by Committee members about concessionary fare passes issued and the process of what happened to the passes when the pass holder passed away. The Committee were reassured by the responses from the Officers that the passes were cancelled where the holder had passed away. And where they were used by anyone else, the machine on the bus would read invalid.

The Committee passed on their gratitude to the Counter Fraud Team for all of their work done on the report and the implementation of the policies outlined. The Chair passed on the Committee's congratulations to trainee officers in the Counter Fraud team.

Resolved: that the Committee noted the previous report and the progress outlined in the update given.

78/23 TREASURY MANAGEMENT MID TERM REVIEW

(Agenda No. 6)

The report was presented to the Committee by the Treasury Manager, Tim Chapple. It was reported that the review covered the first half of the 2023/24 financial year.

The following points were reported to the Committee:

- As of 30th September 2023, the Council's outstanding debt totalled £297m and the average rate of interest paid on long-term debt was 4.41%. No new external borrowing had been arranged in the first half of the year, whilst £4m of maturing Public Works Loan Board (PWLB) loans and a £5m LOBO (Lender's Option/Borrower's Option) had been repaid during the first half of the year.
- The Treasury Management Strategy for 2023/24, agreed in February 2023 assumed an average base rate of 4.25%.
- The average daily balance of temporary surplus cash invested in-house was expected to be £480m in 2023/24, with an average in-house return of 3.00%.
- During the first half of the year, the Council achieved an average in-house return of 3.53% on average cash balances of £499.05m, producing gross interest receivable of £8.866m. In relation to external funds, the return for the six months was £1.836m, bringing total investment income to £10.702m. This compared to budgeted investment income of £7.073m, giving a net overachievement of £3.629m.
- As of 30th September 2023, the Council's investment portfolio of £577.189m comprised £440.500m of fixed term deposits, £43.216m at short term notice in money market funds and £93.473m in pooled funds with a variable net asset value.
- As of 30th September 2023, the authority had 44 PWLB loans totalling £252.383m, 8 LOBO loans totally £40m and one £5m money market loan. The average rate of interest paid on PWLB debt was 4.72% and the average cost of LOBO debt in 2023/24 was 3.94%. The cost of debt on the money market loan was 3.95%. The combined weighted average for interest on long-term debt was 4.41%.

- At the start of the year, the UK Bank Rate was 4.25%, which was in line with the forecast. With ongoing inflationary pressures impacting the UK economy, interest rates had risen higher than forecasted to 5.00% in June. The new forecast was that rates would peak at 5.25% in August 2023, and would remain there until autumn 2024, where it was expected, they would slowly reduce to 2.50% by summer 2026.
- The budgeted annual return on the in-house balance for 2023/24 was 3.00% and assumed an average annual in-house cash balance of £379.144m.
- The actual average daily balance of temporary surplus cash invested in-house was £499.055m for the first half of 2023/24 and the average in-house return was 3.53%, producing gross interest receivable of £8.866m. Gross distributions from pooled funds totalling £1.836m were also received in the first half of the year, bringing total investment income to £10.702m. This compared to budgeted investment income of £7.073m, giving a net overachievement of £3.629m. This reflected a combination of higher than forecast cash balances, and higher than forecast interest rates.
- As of 30th September 2023, the total value of pooled fund investments was £93.473m. This was marginally down from the value as of 30th June 2023 of £93.796m.
- As of 30th September 2023, the Council's investment portfolio of £577.189m comprised £440.50m of fixed term deposits, £43.216m at short term notice in money market funds and £93.473m in pooled funds with a variable net asset value.
- During the financial quarter, the Council operated within treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy for 2023/24.

The following points were raised by the Committee:

- Members raised the Bank of England's statements that interest rates would not drop in the near future and questioned how this would impact the Council's financial forecasts relating to borrowing and debt. The Treasury Manager re-iterated the Council's forecast of interest rates remaining stable until summer 2024. It was also noted how the Russian invasion of Ukraine was causing rising interest rates.
- Committee members referenced the impact of rising interest rates on loans to other councils. The Treasury Manager confirmed that loans for the last 6 months had been upwards of 5% in their interest rates.
- The potential impact of the forthcoming general election before January 2025 on interest rates was pointed out by the Committee and whether policy announcements in the run-up to an election would influence the Bank of England's interest rates decisions. The Treasury Manager noted that the market and the Bank of England considered speculation and polling on the potential change in government when making decisions. It was also made clear that forecasts tend to be inaccurate and that decisions on interest rates are based on a wide variety of factors.

The Committee thanked the Treasury Manager for the presentation of his report and the wider team for all of their hard work in compiling the mid-term review.

Resolved: that the Committee noted the Treasury Management Mid Term Review 2023/24.

79/23 FUTURE COUNCIL GOVERNANCE GROUP RECOMMENDATIONS

(Agenda No. 7)

The Chair welcomed Councillor Stefan Gawrysiak to the Committee as the chair of the Future Council Governance Group. The Director of Law and Governance, Anita Bradley, thanked all members of the Future Council Governance Group (FCGG) for their diligent work and made the Committee aware that the last meeting of the FCGG was on the 27th November 2023.

Councillor Gawrysiak presented the findings of the FCGG and its recommendations to the Committee. He again praised the members of the group for their hard work and to Simon Harper, Head of Governance, for bringing the report together so quickly. Thanks were also noted for the Centre for Governance and Scrutiny for their advice and support during the work of the FCGG.

Thanks were given to Councillor Charlie Hicks for helping to set up meetings in Ljubljana, Slovenia and France to help the FCGG come to their conclusions.

Coming to the findings of the report, Councillor Gawrysiak explained how there was debate over changing the leadership system from a Leader with a Cabinet to a committee system, but that it was too late in the current term cycle but could take place in the aftermath of an election. It was noted that there was no appetite for changing the current model at present.

Councillor Gawrysiak continued to inform the Committee about key issue of the need for increased scrutiny of young people and education. The recommendation from FCGG was for the establishment of an Education and Young People Overview and Scrutiny Committee. It was noted that there needed to be further discussions over the age range that the potential new committee would have overview of.

The Committee questioned whether the proposed Education and Young People Overview and Scrutiny Committee would have realised the extent of the ongoing SEND issues earlier. Councillor Gawrysiak indicated his personal view that it would have picked up the issues earlier but stressed that this was not the view of the Committee.

Furthermore, Committee Members noted that meetings and committees could cover many topics but did not dive in-depth into specific issues. Increased meetings could lead to greater scrutiny of topics. The Director of Law and Governance pointed out that the requirements of members should be accommodated when setting meetings as Councillors sit on other councils. The Vice-Chair of the Committee referenced the importance of increasing the number of meetings as essential to enable committees to carry out enhanced scrutiny and to be able to focus on specific areas and produce well-developed recommendations.

The Committee agreed with the recommendations for an extra Education and Young People Overview and Scrutiny Committee but believed that further consultation on

the age range would be needed. The Director of Law and Governance outlined that the age range would be dependent on the different pieces of legislation and that Chairs would need to consider whether it is appropriate. The Chair also questioned how the transition between being a child and an adult needed to be reflected upon as it is one of the most challenging periods.

Issues rose relating to the increased costs of having more committees and the potential difficulties this could lead to for Committee Chairs. Moreover, it was pointed out by the Director of Law and Governance that it would not be beneficial if items were on the same agenda in separate committees. It was agreed that greater resources would be needed for greater scrutiny arrangements. Councillor Hannaby noted that greater liaison between the Chairs of committees would be helpful to avoid such issues.

Councillor Gawrysiak continued the discussion to highlight potential new roles of Deputy Cabinet Members. It was stressed that this was not a recommendation, but a suggestion for the Committee to consider. Councillor Gawrysiak proposed that certain Cabinet portfolios needed deputies to share out the workload, however, the Cabinet Advisory Group (CAG) could help to do this. The Chair stated that CAG was effective if they had a set goal at their outset. It was also pointed out that Deputy Cabinet Members could serve as a training path for future political careers, which would engage more people in the democratic process. It was re-iterated that the CAG was able to be set up by Councillors as part of the Constitution, but there were also financial constraints to manage.

The Committee was then informed about divided opinion that existed within the FCGG on citizen panels, which would increase engagement within the policy process through hearing the concerns of local citizens on certain issues once a year. However, it was noted that this could cause financial strain and thus, the recommendation to evaluate the costs and processes for a citizen's panel in 2024/25 was put to the Committee, who noted it. The Committee agreed that political parties tend to politicise issues, so by raising issues in a participatory manner, there was more scope for constructiveness in working together to solve issues. Financial implications were again raised in the viability of using citizen panels as an effective way to improve the policy process.

The FCGG report highlighted how members valued the meetings which allowed them to meet with neighbouring divisions, council officers and constituents. Local stakeholders were invited to meetings at the discretion of the Chair, but it was felt that locality meetings were currently under-utilised. The recommendation from the FCGG was to reinvigorate locality meetings by inviting local stakeholders as necessary and undertake a wider review of locality working including the practicalities of some budgets being delegated. Members agreed that locality meetings were some of the best examples of productive working relationships to resolve issues with relevant stakeholders, stressing the non-political nature of meetings. One concern raised by members was the possible adverse impact of budgetary powers on locality meetings and whether it would detract from the cohesive nature of the decision-making process.

Lastly, Councillor Gawrysiak explained the process of embedding 'futures planning' across the Council, with the aim of it becoming an integral part of the decision-making process and scrutiny work plans. The Committee enthusiastically agreed with the proposal made by the FCGG, with the Vice-Chair stating how it needed to become the first point of consideration in policymaking.

The Director of Law and Governance then informed the Committee that it was their choice to accept all the recommendations, as well as noting that anything that impacted the Constitution would need to be approved by full Council. The Vice Chair and Councillor Elphinstone proposed that the full Council should be sent this full report to consider. The Director of Law and Governance (DLG) noted that some elements of the report could go to Council and others could go to the Cabinet, as budgetary matters sit within their purview. Furthermore, the DLG made the point that if another Scrutiny committee wished to be created, it would have to go to Council as the Cabinet does not have influence over scrutiny arrangements.

Councillor Leverton's concern for the localities having budgetary powers was again noted. Discussion ensued over whether the full recommendations of the report should go to Council or to Cabinet. It was agreed that recommendation 2 of the report, namely the creation of an Education and Young People Overview and Scrutiny Committee, should be sent to Council as it would impact the Constitution. The rest of the recommendations could be sent to Cabinet for their consideration.

The Chair noted that the report had extensive discussion and thanked Councillor Gawrysiak, the Director of Law and Governance, the Head of Governance and all of those involved in the creation of the report for their superb piece of work and recommendations.

Resolved: that the Committee noted the work undertaken by the Future Council Governance Group.

Actions: that recommendation 2 of the Future Council Governance Group Final Report be considered at Council and recommendation 1, 3, 4 and 5 be considered at Cabinet.

80/23 WHISTLEBLOWING POLICY

(Agenda No. 8)

The Director of Law and Governance provided an update to the Whistleblowing Policy. The Committee were informed that the correct systems needed to be in place to check if the allegations that were brought forward to the whistleblowing team were constituted towards being employee grievance rather than specific whistleblowing incidents. In these instances, the employee was directed to the correct area within the Council so they could receive the necessary help.

Having outlined the progress of whistleblowing as seen in the report, the Director of Law and Governance explained the closeness of working within the organisation to ensure that high standards were met. At this stage, thanks were given to the Counter Fraud team and the Chief Internal Auditor for their work on the policy and collecting

all the information at a single point of contact. It was summarised that the work on whistleblowing had been effective, and training was paramount to continue this work. Members of the Committee conveyed the need for checks and balances within the organisation, despite the fact that the vast majority of officers work diligently. The Committee recommended that training was undertaken by staff. It was queried whether this included Members, but the Director of Law and Governance explained that Members were not Council employees, , but encouraged any Members to contact the whistleblowing team if they had any concerns.

Resolved: that the Committee noted the amount of whistleblowing incidents during the 2022-23 financial year.

Resolved: that the Committee noted the development of the revised Whistleblowing Policy in light of the lessons learnt from operation of the current Policy since November 2021.

Resolved: that the Committee recommended that training was undertaken on the Whistleblowing Policy.

81/23 OXFORD FIRE & RESCUE SERVICE STATEMENT OF ASSURANCE 2022-23

(Agenda No. 9)

See Item 10. Items 9 and 10 were taken together.

82/23 OXFORDSHIRE FIRE AND RESCUE SERVICE 2021/22 ANNUAL REPORT

(Agenda No. 10)

The Chair introduced agenda item 9 and 10 together, before welcoming Deputy Chief Fire Officer, Matt Cook and Faisal Atcha, Station Manager B Org Assurance to speak to the Committee about the Oxford Fire and Rescue Statement of Assurance 2022-23, and the Oxfordshire Fire and Rescue Service 2021/22 Annual Report.

The Deputy Chief Fire Officer began by putting on record his pride of the integration of work on public safety and safeguarding across the county. The Deputy Chair asked about the risk due to recruitment pressures of on-call firefighters, to which the Deputy Chief Fire Officer highlighted the national issues surrounding recruitment. The Committee were informed of the reasons for the reduction in standards regarding response time, particularly noting the particular weather conditions. A review into response time had been commissioned by looking at risk-modelling and workforce planning.

Another challenge faced by the Oxfordshire Fire and Rescue Service was the retention of staff. The Deputy Chief Fire Officer noted that the service were actively trying to ease this problem by looking at incentivizing the role of on-call firefighters. It was pointed out that the preferred model of recruitment was the standardized model.

Members of the Committee pointed out the great scope of the report, particularly in prevention and education. There was acknowledgment over the great strides made in the diversity of the Oxfordshire Fire and Rescue Service, with more women entering

the service. The entire Committee acknowledged the fantastic work undertaken by the Oxfordshire Fire and Rescue Service. It was noted that His Majesty's Inspectorate were inspecting the service in January and that pre-inspection work was already under way. The Committee wished the service good luck for their inspection. The Deputy Chair observed that the reports needed to align their structure with their key priorities and public expectations to demonstrate progress across the service. It was pointed out by the Deputy Chair that this was not an issue specific with the service, but across the organisation. The Deputy Chief Fire Officer noted these concerns and suggested some presentational changes could be made. The Chair and other members of the Committee commended the report's contents, highlighting lots of detail and examples. The Deputy Chief Fire Officer accepted that there needed to be stronger links between core priorities and the progress made towards outcomes.

The Committee thanked Oxfordshire Fire and Rescue Service for their ongoing outstanding efforts and specifically the Deputy Chief Fire Officer and Station Manager B Org Assurance for reporting to the Committee.

Resolved: that the Committee considered and approved the Statement of Assurance 2022/23 for publication.

Resolved: that the Committee considered and approved the Annual Report 2022/23 for publication.

83/23 AUDIT WORKING GROUP UPDATE

(Agenda No. 11)

The Chair of the Audit Working Group, Dr Geoff Jones informed the Committee that the Working Group had asked about the delays to computer systems for the One-Fleet project and there had been other delays previously for the same reason. The Working Group had been informed that the issues could not be resolved in isolation and were part of a business transformation programme. The Working Group had requested for a report to be presented to the Audit and Governance Committee on the implementation of new IT systems across the Council and a briefing on the new governance arrangements for managing programmes and major projects at the January 2024 meeting. Dr Jones had already highlighted the counter fraud work earlier in the meeting.

Resolved: that the Committee noted the updates from the Audit Working Group.

84/23 ANNUAL GOVERNANCE STATEMENT 2022/23

(Agenda No. 12)

The Director of Law and Governance, Anita Bradley, made clear that the Annual Governance Statement 2022/23 was an overview of the previous year, with a view to update the Committee on the progress made against the 13 areas of focus for 2023/24.

Members asked questions about the expected return date of the Constitution Working Group and the progress of training for colleagues in Children Services. The Committee were informed that the Constitution Working Group would be reconvened in January 2024 and the Director of Law and Governance stated that she would provide more information for the Committee about the progress of Children Services training.

ACTION: Director of Law and Governance to provide more information about the progress of Childrens Services training to the Committee.

The Committee offered its gratitude to Simon Harper, Head of Governance and Sarah Smith, Senior Governance Lead, the officers responsible for bringing the reports together.

The Director of Law and Governance informed the Committee that an addenda had been published for one of the actions for the Financial Management Statement, which had been updated since the papers had been published. This was incorporated into the Transformation Programme.

Resolved: that the Committee noted the report and the actions taken in 2022/23. The Committee also noted the addenda.

85/23 TERMS OF REFERENCE

(Agenda No. 13)

The Chair invited the Director of Law and Governance to update the Committee on potential changes to the Audit and Governance Committee Terms of Reference. The Committee were reminded that these would require a recommendation to Council as the Committee was considering its own Terms of Reference (ToR). The Committee were informed that the amended ToR reflected the best practice guidance from CIPFA and the practical guidance for local authorities. Police and broader communities. The previous ToR included elections that had not been in the CIPFA guidance. There had been reference to legislative provisions under the functions and responsibility regulations. This had been referenced as sections, these had been now put into words to make more useful. The regulation of Investigatory Powers Act had been added clearly.

Dr Geoff Jones declared that he was a member of CIPFA. Dr Jones pointed out that points 18 & 19 in Annex A – updated terms and reference for the Audit and Governance Committee, suggested that the Committee's role was to approve internal audit plans, but in fact that was the responsibility of the Section 151 Officer. The Director of Finance highlighted how this remained the case but meant that the Committee could also help in this area.

There was some discussion over how the Committee discharged the responsibility of reviewing the governance and assurance arrangements for significant partnerships or collaborations, as reflected in Annex A, point 14. Members stated that reports of governance and assurance were not sent to the Committee for their consideration. The Director of Finance informed the Committee that local enterprise partnerships

(LEPs) functions were being transferred to local authorities from central government and had been added to the January 2024 agenda.

Resolved: that the Committee agreed with the recommendation to Council to make changes to the terms of reference of the Audit and Governance Committee (Part 5.1A of the Constitution) as highlighted in Annex A to the report. This reflects the latest guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) – *Audit Committees: Practical Guidance for Local Authorities and Police (2022)*.

86/23 EFFECTIVENESS OF INTERNAL AUDIT REVIEW

(Agenda No. 14)

The Committee was informed of the feedback within the organisation on the effectiveness of the internal audit review. The Head of Governance noted the positive responses from Senior Council Managers, including members of the Strategic Leadership Team and the Council Management Team. 90% of the respondents deemed the service to provide good governance and organisational improvement, with 95% strongly agreeing or agreeing. The Chair commented that the Committee was very pleased with the responses received.

The Committee agreed with the statements in the report on the whole and acknowledged the work of Officers on the Internal Audit Review. It was stated by Members of the Committee that some of the items warranted further discussion in future meetings. The Audit Manager, Katherine Kitashima, informed the Committee that an external assessment of the Internal Audit Review was currently being undertaken and conclusions of that review would be presented to the Committee at the January 2024 meeting. The Committee thanked the officers for their hard work on the Internal Audit Review.

Resolved: that the Committee noted the report and the effectiveness of the Internal Audit Review.

87/23 ERNST & YOUNG UPDATE

(Agenda No. 15)

Adrian Balmer presented the Committee with the results of the 2021/22 Draft Audit Report carried out by Ernst and Young. The following points were made about the Draft Audit results:

- The materiality for the audit remained at those communicated in the audit planning report, with planning materiality at £20.921m and performance materiality totalling £10.460m.
- Additional audit procedures as a result of COVID-19 did not result in any additional risks.
- There was no impact from the triennial valuation on the accounts for March 2022.
- The Value for Money work was still ongoing and there were no risks to report to Committee.

- The audit differences had been reported to the Committee, two particular adjustments had had to be made.
- EY agreed with Council's pension liability disclosures to the actuarial report with no significant issues and received the IAS19 assurance letter from the auditor of the Oxfordshire Pension Fund.
- The draft audit opinion for 2021/22 was reported, subject to the conclusion of the outstanding matters was proposed as an unqualified audit opinion, which was consistent with 2020/21.
- Some reclassification adjustments had to be made due to capital grants receipts in advance, but this did not impact on the balance sheet overall. Through the testing of income, EY identified one item that was related to 2022/23, but was recorded in 2021/22. The minimum value for expenditure and income for audit at the end of each year was £10,000, but this item was below the £10k de minimis. The Director of Finance pointed out that some items checked below the threshold meant a conclusion that these items should have been checked originally came to fruition. EY noted that they were working through residual errors with the Chief Accountant, with the view to getting a pre-draft opinion published in the near future.

Members of the Committee asked EY about the risks with journals and the increase of total audit fees. It was explained that the audit was still being undertaken and to date no issues had been identified. Management override was an area that carried significant risk, and this could be through journals so journal was a key risk for EY and therefore a number of criteria were in place to consider, and significant analysis could be carried out on journals. With respect to the fees, At the end of the audit, additional fees were added based upon the work carried out as well as an increase in the base fees It was clarified that additional fees are discussed with the Director of Finance and there was no issue in this particular case. The Committee were then informed that fees for audits were uplifted from 2023/24 to reflect the market situation.

Adrian Bulmer reported to the Committee the results of the 2021/22 Draft Pension Fund Report. It was revealed that only a small number of items were left to complete and as soon as the Council's accounts were complete, the pension audit would be able to be released. The following points were made about the Draft Pension Fund:

- The planned planning materiality was £32.80m and the final planning materiality was £32.90m. The planned performance materiality was £24.60m and the final performance materiality was £24.68m. Planned Audit Differences totalled £1.64m and ended up at a slightly higher total of £1.65m.
- No misstatements due to fraud or error were identified in the audit work.
- No misstatements due to the risk of inappropriate posting of investment journals were identified in the audit work.
- Similarly, to the 2020/21 audit, EY disagreed with a number of valuations disclosed as Level 2 assets, with their judgement stating that they were more appropriate to be disclosed as Level 3 assets. This totalled £243m of pooled property funds as assets that were incorrectly classified.

EY stated that based on the work, on both reports, they had performed, that they had not identified any material uncertainties relating to events or conditions that,

individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of twelve months from when the financial statements were authorised for issue.

The Chair asked whether the 2021/22 Draft Pension Fund Report would also be sent to the Pension Fund Committee. The Director of Finance made the Committee aware that the Audit and Governance Committee were the governing body over this report and thus, normal procedure would mean it would not also be sent to the Pension Fund Committee. The Committee stressed the view that the Pensions Fund Committee needed to be made aware of this report.

The Committee thanked Adrian for presenting the report and to all of the team at EY for their hard work in compiling such a detailed report.

Action: for the Director of Finance to talk to the Chair and the Pension Fund Committee about the difference of opinion on the pension valuations.

Resolved: that the Committee noted and accepted both reports.

88/23 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

(Agenda No. 16)

The Committee discussed the work programme for upcoming meetings. The Chair suggested that the meeting on 10 January 2024 should start at 13:00, rather than 14:00, to which the Committee agreed. The Chair informed the Committee that a confidential session with the Internal Audit Officer, Sarah Cox, would be held at 12:15 before the Committee meeting began. The Director of Finance suggested that the Risk Management Update could be moved to the March meeting. Likewise, the Director of Law and Governance offered for the Review of Member Conduct to be added to the March agenda. The Committee agreed to both suggestions. The LEP Transition and Revised Whistleblowing Policy were added to the January agenda, which explained the removal of some items from the agenda to later dates.

Actions: for the LEP Transition and revised Whistleblowing Policy to be added to the January meeting.

Actions: for the January meeting to begin at 13:00 and the Chief Internal Auditor Briefing to begin at 12:15.

Actions: to move the Risk Management Update and Review of Member Code of Conduct items to the March meeting.

Resolved: that the Committee noted the Audit and Governance Committee Work Programme and subsequent updates to the January agenda.

89/23 DATE OF NEXT MEETING

(Agenda No. 17)

..... in the Chair

Date of signing