

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 20 November 2024 at 6.30 pm

Present:

Councillor Alisa Russell (Chairman)
Councillor David Rogers (Vice-Chairman)
Councillor Nick Cotter
Harry Lawson, Independent Person

Substitute Members:

Councillor Rob Parkinson (In place of Councillor Jean Conway)
Councillor Andrew McHugh (In place of Councillor Nicholas Mawer)
Councillor Linda Ward (In place of Councillor Ian Middleton)

Apologies for absence:

Councillor Besmira Brasha
Councillor Jean Conway
Councillor Nicholas Mawer
Councillor Ian Middleton
Sarah Thompson – Independent Person

Also Present:

Councillor Frank Ideh
Connor Munro, Internal Audit, Veritau
Sarah Butler, Internal Audit, Veritau

Also Present Virtually:

Kevin Suter, External Audit, EY

Officers:

Michael Furness, Assistant Director Finance & S151 Officer
Joanne Kaye, Head of Finance and Deputy Section 151 Officer
Natasha Clark, Governance and Elections Manager

Officers Attending Virtually:

Richard Smith, Head of Housing
Celia Prado-Teeling, Performance Team Leader
Alex Rycroft, Strategic Finance Business Partner

41 **Appointment of Chairman**

As the Chairman of the Accounts Audit and Risk Committee had stood down from the Committee, the Governance and Elections Manager – Democratic and Elections opened the meeting and called for nominations for the appointment of Chairman of the Accounts, Audit and Risk Committee for the remainder of the 2024/2025 municipal year.

It was proposed by Councillor McHugh and seconded by Councillor Rogers that Councillor Rogers be appointed Chairman of the Accounts, Audit and Risk Committee for the remainder of the 2024/2025 municipal year.

It was subsequently proposed by Councillor Cotter and seconded by Councillor Parkinson that Councillor Russell be appointed Chairman of the Accounts, Audit and Risk Committee for the remainder of the 2024/2025 municipal year.

There being two nominations for Chairman of the Accounts, Audit and Risk Committee, it was put to the vote. The Committee voted three in favour of Councillor Rogers and four in favour of Councillor Russell. Therefore, Councillor Russell was appointed Chairman for the remainder of the 2024/25 municipal year.

Resolved

- (1) That Councillor Alisa Russell be appointed Chairman of the Accounts, Audit and Risk Committee for the remainder of the 2024/2025 municipal year.

42 **Appointment of Vice-Chairman (if required)**

There was no requirement to vote for a Vice-Chairman.

43 **Declarations of Interest**

There were no declarations of interest.

44 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

45 **Minutes**

The Minutes of the meeting of the Committee held on 25 September 2024 were agreed as a correct record and signed by the Chairman.

46 **Chairman's Announcements**

There were no Chairman's announcements.

47 **Urgent Business**

There were no items of urgent business.

48 **Counter Fraud Progress Report**

The Assistant Director of Finance (Section 151 Officer) submitted a report to update the Committee on the counter fraud work undertaken so far in 2024/25.

In introducing the report, Sarah Butler, Corporate Fraud Manager at Veritau provided an update on the work that had been carried out by Veritau following their appointment as the council's internal auditor on 1 May 2024. The Committee was advised that the Veritau team had been working closely with the Revenues and Benefits team at the Council to gain an awareness of how the Council worked and the systems it used.

The Committee was advised that the council's website had been updated to enable members of the public to report fraud to Veritau. Up to 25 October, Veritau had received sixty eight referrals, fifty nine of which had been assessed with some of these requiring further investigation.

Resolved

(1) That the Counter Fraud Progress report be noted.

49 **Counter Fraud Policy Update Report**

The Assistant Director of Finance (Section 151 Officer) submitted a report which sought approval of two updated policies, Counter Fraud and Corruption Policy and Anti-Money Laundering Policy

In introducing the report, Sarah Butler, Corporate Fraud Manager at Veritau (the council's internal auditor) advised that the updated policies would bring the Council in line with best practice in the sector and would also update relevant contact details for reporting purposes.

Resolved

(1) That the Counter Fraud and Corruption Policy be approved.

(2) That the Anti-money Laundering Policy be approved.

50 **Internal Audit Progress report 2024-25**

The Assistant Director of Finance (Section 151 Officer) submitted a report which provided the Committee with an update on the delivery of the internal audit work programme for 2024/25, following approval of the programme at the meeting of 29 May 2024.

In introducing the report, Connor Murray, Assistant Director – Audit Assurance at Veritau, provided the Committee with a progress report on the activity undertaken by Veritau as the Council’s internal auditors. The Committee was advised that work was progressing well and that Veritau would be in a position to provide a full opinion on the Council’s risk management, governance and internal controls by the end of the financial year.

In response to a question relating to overdue actions in areas of business continuity and GDPR, the Committee was advised that these were being monitored and still required attention and would be included in future audit reports.

Resolved

- (1) That the progress made in delivering the 2024/25 internal audit work programme be noted.

51 **External Audit Update 2022-2023**

Kevin Suter, Partner Assurance – Government and Public Sector at EY provided a verbal update on the External Audit 2022-23.

The Committee was advised that due to the backstop arrangements introduced by Central Government that required Statement of Accounts up to 2022-23 to be published by 13 December 2024, EY would only be able to provide a disclaimed opinion for the Council’s accounts 2022-23. The Committee was advised that this was a nationwide issue and it did not imply that there was anything wrong with the Council’s accounts, rather that it was as a result of the fact that no audit work had not been undertaken due to the backlog in the sector.

In response to questions from the Committee, the External Auditor confirmed that no work had been undertaken for the 2022-23 Accounts. This was due to delays in completing previous audits along with resourcing issues. The Committee was also advised that as opening balances would not be certified it would take time for appropriate assurances to be re-built. To prevent accounts for every subsequent year being given a disclaimer opinion, the Financial Reporting Council (FRC) was in the process of issuing guidance for auditors to help build assurances over the next 3 – 4 years, subject to good quality accounts.

In response to questions regarding the EY fees for the work undertaken, the Committee was advised that EY did not have a contract with CDC rather with

Public Sector Audit Appointment (PSAA), which set the fees. PSA had yet to confirm fees and would look at each audit and set an individual fee for each audit. The Committee was advised that the Council would still receive formal assurance certificates relating to Value for Money as part of the fees being charged by EY.

Resolved

- (1) That the verbal update on the External Audit 2022-2023 be noted.

52 **Risk Monitoring Report Q2 2024-2025**

The Assistant Director Customer Focus submitted a report to update the Committee on how well the Council was managing its Strategic Risks.

In introducing the report, the Performance Team Leader advised the Committee that there had been no change in the Leadership Risk Register during Quarter 2 2024-25.

Resolved

- (1) That the Risk Monitoring Report for Quarter 2 2024-25 be noted.

53 **Housing Management Performance**

The Assistant Director Wellbeing and Housing submitted a report which provided the Committee with an annual report on Housing Management Performance relating to the Council's small stock holding of properties and in particular, matters that related to complaints performance in accordance with the Housing Ombudsman's Complaints Handling Code and the wider Social Housing (Regulation) Act.

In introducing the report, the Portfolio Holder for Housing explained that the report was a new regulatory requirement that had come in to effect in April 2024. The Committee was advised that once the report was approved it would be published on the Council's website.

In response to a question querying the value of the Tenants Satisfaction Measures Survey as the council only has a small stockholding and the low level of responses, the Head of Housing explained that whilst this meant the results in some measures could be distorted, it was still necessary to report and publish the Measures.

Resolved

- (1) That the Housing Management Performance report be noted and it be also noted that the Housing Management Performance Annual Report and Complaints Handling Code self-assessment would be published on

the Council's website and sent to the Housing Ombudsman as the Council's return for 2023-24.

54 **2022/23 Final Statement of Accounts**

The Assistant Director of Finance submitted a report on the 2022/23 Final Statement of Accounts.

In introducing the report, the Head of Finance advised the Committee that this was the final version of the accounts and that some changes had been made to the draft set of accounts that were presented to the Committee its meeting on the 20 March 2024. The most significant change was the downward valuation of the Council's property by £1.43M which had not been included in the draft accounts. The Committee was assured that procedures had been put in place to prevent this happening again. The Committee was advised that whilst the change led to amendments to the Statement of Accounts, it did not impact on the General Fund balance.

In response to questions from the Committee regarding the downward valuation of property, the Head of Finance confirmed that this was likely due to lower than anticipated rental yields being achieved from these assets.

In response to a question regarding the level of Audit fees being charged by EY, the Council's External Auditor for the 2022/23 Statement of Accounts, the Assistant Director of Finance explained that the cost was subject to review by the Public Sector Audit Appointments (PSAA) and therefore that this may be reduced. The Committee was advised that any reduction in fees would be potentially offset by work required on the opening balances for the 2023/24 accounts alongside increased fees for the year.

Resolved

- (1) That the final 2022/23 Statement of Accounts and the associated changes between draft and final version be noted.

55 **Financial Management Code - Forecast Self-Assessment Update 2024-25**

The Assistant Director of Finance (Section 151 Officer) submitted a report which updated the Committee on the results of the Council's forecast self-assessment position at February 2025 against the requirements of CIPFA's Financial Management Code.

In introducing the report, the Head of Finance advised the Committee that the Financial Management Code was the minimum that Local Authorities had to do to comply with Section 151 of the Local Government Act to meet its financial responsibilities and that this was the responsibility of the Section 151 officer, Corporate Leadership team and the Executive.

The Committee was advised that the Council's self-assessment was green in all areas of the Financial Management Code which demonstrated a resilient and sustainable approach to managing the Council's finances.

Resolved

- (1) That the Council's forecast self-assessment position of strong compliance at February 2025 against the requirements of CIPFA's Financial Management Code be noted.

56 **Treasury Management Report - Mid-year review 2024-25 (September 2024)**

The Assistant Director of Finance submitted a report that updated the Committee on treasury management performance and compliance with treasury management policy for 2024-25 as required by the Treasury Management Code of Practice.

In introducing the report, the Head of Finance advised that all treasury management activities undertaken to date during the financial year 2024-25 complied with the Council's approved Treasury Management Strategy, and all Prudential Indicators were met during the reporting period. Over the course of the year, there was an overall Treasury Management forecast underspend of £0.015m compared to the approved budget.

Resolved

- (1) That the Treasury Management mid-year review 2024-25 (September 2025) be noted and Council be recommended to receive the report.

57 **Work Programme**

The Head of Finance provided an update on the Committee's work programme.

Resolved

- (1) That the work programme update be noted.

The meeting ended at 7.39 pm

Chairman:

Date: