



Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Committee Rooms, East Pallant House on Monday 6 June 2022 at 2.30 pm

Members Present: Mr F Hobbs (Chairman), Mr J Brown (Vice-Chairman), Miss H Barrie, Mr A Dignum and Mr P Wilding

Members not present: Mr T Johnson, Dr K O'Kelly and Mr D Palmer

In attendance by invitation:

Officers present:

141 **Chairman's Announcements**

Apologies for absence were received from Cllr O'Kelly.

142 **Approval of Minutes**

RESOLVED

That the minutes of the meeting held on 14 March 2022 be agreed as a correct record.

143 **Urgent items**

There were no urgent items.

144 **Declarations of Interest**

There were no declarations of interest.

145 **Public Question Time**

There were no public questions.

146 **Ernst & Young Audit Results Report**

The Chairman invited Mr Suter to give his report.

Mr Suter, associate partner at Ernst and Young (EY), introduced himself and his colleague Ms Peachy, the Audit Manager.

Mr Suter explained that the continuing impact of the COVID pandemic had presented difficulties leading to the delay in completing the external Audit and

extended his gratitude to Chichester District Council (CDC) for the flexibility in its approach.

Mr Suter explained that there were no matters to report by exception in respect to CDC's value for money arrangements or any other matters under their responsibilities.

Mr Suter referenced pages 17 and 18 of the report and concluded that EY had found no evidence of fraud occurring.

He highlighted an area of revenue spending which was inappropriately capitalised resulting in a total projected overstatement of £138,000.

In reference to the Valuations of Land and Building and Investment Property Mr Suter highlighted one factual error identified in the testing in relation to one asset where a portion of the annual income received was double counted. This had resulted in an overstatement of the asset valuation of just under £150,000 which is non-material.

Mr Suter moved on to reference the new grants received by the Council relating to the COVID pandemic, highlighting that the critical aspect for the Council is to ensure they are treating the grants appropriately either as an agent, acting as an intermediary for central government, or as a principal acting on its own behalf.

Mr Suter drew members attention to page 31 highlighting prior year adjustment relating to leasing disclosures resulting from a formula error, also present in the preceding financial year.

Cllr Dignum raised a question regarding the value of several retail investments. Mrs Belenger agreed to provide a written response which was circulated after the meeting.

Members agreed the report indicated that the council is in a broadly sound financial position. The Chairman, Cllrs Wilding and Brown and Mr Ward expressed thanks to the auditors and the finance team.

RESOLVED

The Committee has considered and noted the Audit Results Report for the year ending 31 March 2021.

147 Statement of Accounts for 2020-21

The Chairman invited Mrs Belenger to present the report in Mr Cooper's absence.

Mrs Belenger confirmed that the draft accounts were published on 30 July 2021 and acknowledged the delay in the report and the challenges associated with that.

She explained that the report identified the carry forward requests from 2021/22 as agreed by the Chief Executive and the Director of Corporate Services, shown on page 57 of the report.

Mrs Belenger drew Member's attention to pages 136 and 137 of the report highlighting the main variances against the budget for 2020-21. Specifically, losses of income and budget overspend of £5.9 million alongside increased income and budgetary underspends of £2.6 million resulting in a deficit of £3.3 million. She explained however, that with additional Government support of £4.9 million the out-turn position for 2021 was a surplus of £1.6 million.

Mrs Belenger drew Member's attention to page 68 of the report highlighting, in relation to the COVID-19 pandemic, that over 8,000 grants over 11 different schemes were paid out totalling £52.9 Million. Government provided support totalled £64.7 million, the difference of £11.8 million is one of reasons for the increase in short term creditors showing on the balance sheet on page 85 of the Statement of Accounts. Short term debtors had increased by £18.8 million. She further highlighted that the Council has received an increase in non-ringfenced government grants. Including rural services delivery grant of £0.2 million, new burdens grants of £0.5 million, COVID-19 local authority emergency funding of £1.7 million and £2.7 million claimed under the sales fees and charges compensation scheme.

The Committee unanimously voted for the following recommendation:

RESOLVED

That the Committee consider and approve the audited Statement of Accounts shown in Appendix 1 for the financial year ended 31 March 2021, note the outturn position, and authorise the Letter of Representation to be given to the Council's External Auditor.

148 Accounting Policies for 2021-22

The Chairman invited Mr Catlow to present the report.

Mr Catlow advised that there would be no significant change to the process for producing the 2021/22 accounts and he remained guided by the concept of materiality.

RESOLVED

The Committee considered the report and approved the continued application of existing accounting policies in the preparation of the Council's 2021-22 financial statements.

149 **Annual Governance Statement and Corporate Governance Report 2020-21**

Mr James stated that the reports had been prepared following a review of the governance arrangements at the council.

He explained that, in Appendix 1, the report details the 9 highest risks outlined in the corporate risk register, the financial position of the council during 2020-21 and refers to the Annual Governance Statement's 7 core principals of good governance.

Based on the review Mr James gave assurance that the council is fully compliant with all requirements.

He explained that the Annual Governance Statement, Appendix 2, had been prepared in accordance with the CIPFA/SOLACE guidance and sets out the 7 core principals of good governance. It highlights 9 risks which have been added to the Risk Register.

Mr James stated that overall, he remained happy with the Corporate Governance arrangements and that these remain strong within the Council.

Referencing Appendix 3, The Annual Report on the Effectiveness of Internal Audit and Corporate Investigation section during the 2021 period; Mr James indicated that based on the work undertaken in 2021, satisfactory assurance could be given and there is a sound system of internal control.

Cllr Barrie highlighted that there is no mention of the impact of Climate Change included in the significant risks. Mr James responded that at the time for which this report was written, the nine significant risks were as stated.

Mrs Belenger confirmed that the report outlined the risks considered at that time. She highlighted that Climate Change, and the Climate Emergency has its own risk on the Risk Register which will be present on the forthcoming report for 2021/22. She explained that whilst Climate Change is a responsibility for everybody, the Strategic Risk Register considers issues which impact the delivery of services to our community.

The Chairman expressed some support with the general point raised relating to Climate Change, but reinforced what Mrs Belenger had said that the report considered those things that directly impact on the council at that moment. He further highlighted the increasingly important role of the Environment Panel and suggested that the Environment Panel could investigate any direct financial risks to the council, resulting from Climate Change, that have not yet been identified.

Cllr Brown expressed support that Climate Change should be considered on the Risk Register moving forward.

The Chairman suggested that on page 155, referencing the Anti-Fraud and Whistleblowing policy, words are added to reflect that the policy had been reviewed in the year to 2021 and no changes had been deemed necessary; giving clarity that these policies are reviewed annually.

RESOLVED

That the Committee considered the draft Annual Report on Corporate Governance at appendix 1, the Annual Governance Statement 2020-2021 (appendix 2), and Internal Audit and Corporate Investigations Annual Report 2020-2021 (appendix 3) and recommends these to the Council for approval.

150 **Late items**

There were no late items.

151 **Exclusion of the Press and Public**

There were no restricted items.

The meeting ended at 3.15 pm

CHAIRMAN

Date: