

Audit and Governance Committee

Tuesday 16 September 2025

PRESENT:

Councillor Allen, in the Chair.

Councillors P.Nicholson, Raynsford, Sproston and Stevens (substitute for Councillor Cuddihee).

Independent Member Mrs Benny.

Apologies for absence: Councillors Cuddihee and Finn.

Also in attendance: Councillor Chris Penberthy (Cabinet Member for Housing, Cooperative Development and Communities), Liz Bryant (Service Director for Legal Services), Hannah Chandler-Whiting (Democratic Advisor), Louise Clapton (Devon Audit Partnership), Elinor Firth (Head of Public and Partner Relations), Carolyn Haynes (Lead Accountancy Manager), Bradley Hutton (Devon Audit Partnership), David Johnson (Grant Thornton), Jamie Sheldon (Senior Governance Advisor), Ian Trisk-Grove (Service Director for Finance) and Ollie Woodhams (Head of Finance).

The meeting started at 2.00 pm and finished at 4.56 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

20. **Declarations of Interest**

No declarations of interest were made.

21. **Minutes**

The minutes of the meeting held on 22 July 2025 were agreed as an accurate record.

22. **Chair's Urgent Business**

There were no items of Chair's urgent business.

23. **External Audit Report**

David Johnson (Grant Thornton) introduced his report and mentioned:

- a) Future reports were due to be on time;

In response to a question, supported by Ian Trisk-Grove (Service Director for Finance), the following was discussed:

- b) Grant Thornton would not be consulted on the options for Plymouth with regards to Local Government Reorganisation (LGR), but once more was clear about the future, it would be discussed around the management of the change and future auditing.

24. **Management response to External Audit actions**

Ollie Woodhams (Head of Finance) introduced the item and highlighted:

The monitoring report covered all outstanding recommendations from external audits;

- a) Recommendations were split into tables by financial year and type;
- b) Tables 1 and 2 related to financial statement audits; tables 3 onwards related to value for money work;
- c) The Council was generally content with progress, though some recommendations were long-term;
- d) Two key areas were highlighted: asset accounting and valuation, and value for money recommendations around the Medium Term Financial Plan (MTFP) process and reserves reporting;
- e) Improvements had been made but work was ongoing;
- f) MTFP recommendations were being addressed in the forthcoming budget cycle.

In response to questions, the following was discussed:

- g) Concerns were raised about recommendations marked as 'ongoing' without clear timelines for completion, and officers acknowledged the need to sharpen reporting and provide clearer closure targets;
- h) Committee members were reassured that work was underway with Devon Assurance Partnership to improve strategic and operational risk management.

The Committee agreed to:

- I. Note the responses to the recommendations and the summary position in relation to actions addressed from previous External Audit reports, as detailed in the report.

25. **CIPFA Financial Management Code Assessment 2025**

Louise Clapton (Devon Audit Partnership) introduced the item, supported by Ian Trisk-Grove (Service Director for Finance) and highlighted:

- a) The assessment was conducted independently by Devon Assurance Partnership;
- b) Previously, the Section 151 Officer had undertaken the assessment;

- c) The Council received a 'reasonable assurance' rating, indicating sound financial governance;
- d) Of 17 standards assessed, 10 were securely met, and four required attention;
- e) Improvement actions were agreed with a target date of 31 March 2026;
- f) The assessment aligned with the Council's commitment to financial sustainability and the corporate plan.

In response to questions, the following was discussed:

- g) The external assessment was broadly consistent with previous self-assessments;
- h) Committee members noted the Council's strong self-awareness of areas needing improvement;
- i) The Council had been assessed against all CIPFA standards;
- j) Clarification was sought on why all improvement actions had the same target date, and it was explained this aligned with the Medium Term Financial Plan (MTFP) cycle;
- k) Savings challenges and growth asks formed part of business plans, that would drive financial planning.

The Committee agreed to:

1. Note the findings of the independent assessment undertaken by Devon Assurance Partnership, which provided reasonable assurance on the Council's compliance with the FM code;
2. Endorse the proposed management actions to address the four standards identified as needing improvement.

26. **Internal Audit Progress Report 2025/26**

Louise Clapton (Devon Audit Partnership) introduced the item and highlighted:

- a) The report covered Q1 progress against the internal audit plan up to 30 June 2025;
- b) 38% of the plan had been completed or was in progress;
- c) 64% of completed audits received reasonable assurance;
- d) Cybersecurity governance and joint-funded care packages received limited assurance;
- e) Advisory support was provided on Eclipse system implementation and Cyber Board, and a range of mandatory grant certifications had been completed;

- f) A new global internal audit standard required annual independent meetings with Committee members;
- g) The management action tracking report showed 50% of actions implemented, 8 were overdue, and 4 on hold.

Supported by Ian Trisk-Grove (Service Director for Finance), in response to questions, the following was discussed:

- h) More detail on debtor actions would be provided in November 2025;
- i) The safety at sports ground had been completed and had been given substantial assurance, the highest rating, and an audit from the Sports Ground Safety Authority was due later in 2025;
- j) Councillors requested clearer timelines for planned audits within the report in future **ACTION**;
- k) Councillors asked for assurance from officers on high-risk areas such as adult social care debt, and it was suggested it was best to ask the relevant Strategic Director which officers were best to attend on a future agenda item;
- l) Alternative ways to present levels of risk and assurance within Audit and Governance Committee reports would be considered;
- m) It was confirmed that limited assurance audits would be prioritised for deeper scrutiny;
- n) Cybersecurity governance was identified as a test case for committee-led assurance for the work programme **ACTION**;
- o) Eclipse system implementation was flagged for further update and clarification on its function and importance **ACTION**.

The Committee agreed:

1. To note the findings presented in the two accompanying internal audit reports;
2. That it had a clear mandate to seek assurance on the implementation of management actions arising from audit recommendations.

27. **Risk Management Update**

This item was introduced by Ian Trisk-Grove (Service Director for Finance) and Bradley Hutton (Devon Assurance Partnership):

- a) Plymouth City Council was working with Devon Assurance Partnership to enhance risk management;

- b) It was important to link risks to strategic objectives;
- c) Two key areas of focus for improvement were developing risk registers and embedding the risk management framework;
- d) Work with the senior leadership team would focus on embedding the risk management framework, focusing on accurate risk language, scoring methodology, and responses to risk;
- e) A risk management group was proposed to support day-to-day risk oversight.

Supported by Ollie Woodhams (Head of Finance), in response to questions, the following was discussed:

- f) Development of the risk register and of risk management would support assessing risks of local government reorganisation (LGR) proposals;
- g) Finance professionals in local government were working together to assess risks of LGR proposals;
- h) Advice was sought on how LGR proposal risks would be considered, whether by Scrutiny or Audit and Governance **ACTION**;
- i) Risks of LGR proposals would be included with reports presented at future committee meetings.

The Committee agreed to:

- I. Note the report and ongoing work on risk management.

28. **IFRS16 Leases**

Carolyn Haynes (Lead Accountancy Manager) introduced the item and highlighted:

- a) IFRS 16 (International Financial Reporting Standards) had replaced IAS 17 (International Accounting Standards) and required leases to be recognised on the balance sheet;
- b) Around 100 assets were added including property, vehicles, and equipment;
- c) PFI (private finance initiative) schemes were remeasured, resulting in a net liability reduction of just under £11 million;
- d) Exemptions applied to short-term and low-value leases (anything less than £10,000 for property, and less than £5,000 for equipment);
- e) Other adjustments had impacted the capital financing requirements, and therefore had impacted the credential indicators;

- f) Training was being provided to procurement teams to explore embedded leases;
- g) The work would be reviewed before the effected accounts were audited.

With support from Ian Trisk-Grove (Service Director for Finance), in response to questions, the following was discussed:

- h) If expired leases were for assets that PCC did not intend on keeping, it would not have been included;
- i) External audit challenge questions with internal responses would be covered within a future report from auditors Grant Thornton and this would also allow PCC to reflect and improve the work in future years;
- j) Officers confirmed that further review and audit feedback would guide future reporting;
- k) Thanks was given to Carolyn and her team for all their hard work.

The Committee agreed:

- I. To note the report.

29. **Pre-referendum Guidance compared to Pre-Election Guidance**

Liz Bryant (Service Director for Legal Services) provided a verbal update:

- a) The Armada Way Independent Learning Review (AW ILR) had recommended that a comprehensive review of the Council's approach to the pre-election period was undertaken.

In response to questions, the following was discussed:

- b) There would be an update on pre-election guidance before the end of 2025, as that was the completion date for the AW ILR action plan;
- c) Pre-referendum guidance differed from pre-election guidance due to stricter regulations;
- d) During the 28-day period, Councils must not publish any material related to the referendum, other than information on where to vote;
- e) Webcasting and public discussion of the referendum were restricted to avoid perceived bias;
- f) Legal advice was sought and followed during the referendum period;
- g) Concerns over the availability and specificity of the list of Council buildings permitted for use for referendum related activities during the pre-referendum period were

discussed;

- h) A lessons learned report relating to the pre-referendum period would be developed and would be shared with the Electoral Commission **ACTION**.

30. **New Engagement and Consultation Framework**

Councillor Chris Penberthy (Cabinet Member for Housing, Cooperative Development and Communities) and Elinor Firth (Head of Public and Partner Relations) presented the report and highlighted:

- a) The framework aimed to improve consistency and quality of public engagement;
- b) Whilst progress had been made through initiatives that supported volunteering, community ownership, and inclusive growth, it was recognized that PCC's approach to engagement and consultation needed to evolve;
- c) There were pockets of excellence across PCC but there were also areas where engagement had been inconsistent;
- d) The new framework was co-developed with over 60 staff, as well as Cabinet Members, and aligned with national best practice;
- e) The framework set out a public charter outlining PCC's values of respect, transparency, inclusion, responsiveness and partnership;
- f) A staff toolkit had been developed;
- g) A new engagement lead role had been proposed;
- h) A separate framework for elected members would be developed.

In response to questions, the following was discussed:

- i) Committee members discussed a unified framework versus separate documents for staff and Councillors;
- j) Concerns were raised about staff awareness of Councillor roles and how this could be covered within the training that was being developed **ACTION**;
- k) Engagement of Ward Councillors, guidance for which could be developed more in the elected members guide;
- l) Expectation management, adaptability and alignment with future legislation.

The Committee agreed unanimously to:

- 1. Endorse the Engagement and Consultation Charter and Framework as the Council's corporate approach to engaging with residents, partners, and stakeholders;

2. Support the introduction of a supporting toolkit and training programme to aid implementation of the Framework and Charter;
3. Work with officers to develop a similar framework and training for elected members.

The Committee then agreed to:

4. Note and support that the framework be embedded across all Council departments, with oversight from an Engagement and Consultation Lead and the Community of Practice.

For (5)

Councillors Allen, Raynsford, Sproston, Stevens and Independent Member Mrs Benny.

Abstain (1)

Councillor Nicholson.

Against (0)

Absent/Did not vote (0)

31. **Armada Way Independent Learning Review - Audit and Governance Sub-Committee**

Liz Bryant (Service Director for Legal Services) introduced the item and highlighted:

- a) Committee had previously delegated subcommittee formation to Chair and Vice Chair, but legal advice confirmed that such delegation was not permitted;
- b) Committee was required to formally decide on the subcommittee structure.

In response to questions, supported by Hannah Chandler-Whiting (Democratic Advisor), the following was discussed:

- c) Three options were considered: informal working group, advisory committee, and formal subcommittee;
- d) Clarity that the sub-committee would look at the action plan as a whole;
- e) Co-opted members.

The Committee agreed to:

- I. Establish a politically balanced sub-committee and co-opt members to the Committee who were not currently represented to ensure that all political groups were heard, noting that co-opted members would have the ability to participate in discussions and scrutinise matters before the sub-committee, but would have no voting rights;

2. The draft Terms of Reference for the sub-committee, noting in particular the following points:

- that the membership consists of members of the Audit and Governance Committee (or substitutes put forward by existing members) as well as co-opted members from parties not currently represented under political proportionality;
- that the sub-committee is formally constituted and meets the requirements of the Constitution in relation to notice and access to information requirements;
- that the sub-committee met in accordance with the timetable appended to the Terms of Reference.

32. **Action Log**

The Committee noted its action log.

33. **Work Programme**

The Committee noted its work programme.