



AUDIT COMMITTEE MINUTES

10th APRIL 2024

PRESENT: Councillors Harvey (Chairman), Edwards, May and A Thornton.

SUBSTITUTES MEMBERS PRESENT: Councillor Acott.

Apologies for absence were received from Councillor Benson.

ALSO PRESENT:

Ms Angela Hutchings, Chief Executive; Rebecca Gill, Audit Manager; Ben Brook, Assistant Director Policy, Performance & Customer; Lance Wosko, Assistant Director Finance and Procurement; Michael Dineen, Assistant Director for Counter Fraud & Investigation Enforcement and Community Safety; Ann Horgan, Head of Governance; Debbie Hanson, Associate Partner EY and Janet Dawson Partner EY(attended remotely).

27. MEMBERS' INTERESTS

No disclosures were made.

28. MINUTES

The Minutes of the meeting held on 11th January 2024 were taken as read and signed as a correct record.

29. COUNTER FRAUD & INVESTIGATION QUARTERLY REPORT Q3 2023/24

The Audit Committee received a report on the progress of the Counter Fraud & Investigation work plan for the Council in 2023/24, together with a report on the statistical information in relation to the work performed by the CFI for the Council.

The figures for the cases dealt with in Q3 were set out below:

- 2 Fraud Alert had been sent out to internal and external partners.
- 9 Intelligence Reports had been sent to other Law Enforcement agencies assisting in their investigations.
- 16 new reports of suspected fraud had been received in Q3.

- The CFI had 18 active investigations.
- 2 properties had been recovered with predicted savings valued at £85,000. The Council had been awarded possession in one case with eviction scheduled to take place in the next quarter .
- The value of those CFI investigations for the quarter was £595,000.

Members asked questions on the report regarding enforcement, assistance to address cybercrime and testing methods. The Committee welcomed the action to address fraud.

Resolved:

1. To note the performance of the Counter Fraud & Investigation team to date.
2. To note the progress of the proactive work plan for 2023/24.

30. INTERNAL AUDIT SERVICE, QUARTERLY PERFORMANCE REPORT Q3

The Audit Committee received a report on progress made in delivering the Internal Audit Strategy for 2023/24.

Appendix A set out the current status of the audit work planned for the year as at 20th March 2024. There had been no further changes to the audit plan since the plan was reported to Audit Committee in January.

As outlined in the Strategy presented to the Audit Committee in July 2023, the team was reporting on a more limited set of indicators this year given the amount of work that was still being contracted out.

As at 20th March 2024 for the period since 1 April 2023 the team had 13 sickness absence days on average as a result of one member of staff being absent for an extended period. Of the 23 jobs in the plan, including those brought forward from the previous year: ten were fully complete; two were at draft report stage; six were work in progress; three were at planning stage with terms of reference developed and agreed and two had been removed.

Stakeholder surveys had now re-commenced and would be completed throughout the year as audits were finalised.

The feedback provided by services had highlighted some difficulties experienced with the use of contractors when delivering audits on our behalf. The feedback had been discussed with the contractor and additional support would be provided by the in-house team leads moving forward to ensure the service provided maximises value to the Council.

The Committee noted there had been no change to resourcing matters since the last report to the Audit Committee in January 2024.

The team currently had four vacancies. The salaries of the vacant posts were being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.

Members raised questions on the report regarding change management and explanations were provided regarding the processes.

Resolved:

That Audit Committee notes the progress made in delivering the 2023/24 Internal Audit Strategy.

31. INTERNAL AUDIT CHARTER, STRATEGY AND PLAN 2024/25

The Internal Audit Charter and supporting Strategy and Audit Plan for 2024/25 was considered by the Committee.

The Charter defined the purpose, authority and responsibility of the service and was attached to the report at Appendix 1. The Strategy, at Appendix 2, outlined how the service would be delivered in line with the Charter and included the Internal Audit Plan for 2024/25 (Appendix 2a), a statement showing how audit work completed during the year would provide assurance regarding the mitigation of the council's strategic risks (Appendix 2b) and the "How We Will Work with You Statement" (Appendix 2c).

Members raised questions regarding the approach to Corporate Risk and suggested that it would be helpful if a risk matrix could be provided.

Resolved:

That the Audit Committee approves the Charter, Strategy and Audit Plan for 2024/25.

32. MONITORING REPORT OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

The Committee received a report presenting the findings from the ongoing monitoring of the Council's governance arrangements, and reports on progress against the action plan to address governance issues as identified in the Annual Governance Statement.

The Committee's attention was drawn to several matters. Under Business Planning and Strategy including Partnerships service planning, Members were informed of work underway to revive the Community Safety Partnership. Attention was drawn to progress on planned preventative maintenance.

Members drew attention to the response to the audit of cyber security management noting the response underway to address the recommendations.

Resolved:

To note the assurance provided by this report about the operation of the Council's governance framework as presented in the Annual Governance Statement.

33. EXTERNAL AUDITOR UPDATE

The Audit Committee received comprehensive update reports produced by the Chief Executive and the Council's external auditors, EY.

The Chief Executive's report reminded the committee of the Council's actions in response to an Internal Audit report into Senior Management Pay and Conditions which had been before previous meetings of the Committee on 24 July and 29 September 2023. The External Auditors EY had been engaged at the earliest opportunity and throughout in dealing with the corrective measures. At this time EY had confirmed that they were not minded to issue a public Interest (PIR) pursuant to its statutory duties under Schedule 7 Local Audit and Accountability Act 2014.

There had been a significant delay in EY's completion of the 2020/21 audit since EY's provisional Audit Results Report was presented to the committee in April 2022. The report at the time noted that EY had been made aware of an issue.

EY's update report before the committee brought to the attention of the Council stakeholders and the wider public providing an update on the issue and the impact on EY's audit work in relation to the 2020/21 financial statements; assessment of the Council's value for money arrangements for the year 1 April 2020 to 3 March 2021; the issues which had resulted in a significant delay in the completion of the 2020/21 audit and the remaining procedures that needed to be completed to conclude the audit and the impact on subsequent audit years to 2023/24.

EY's final Audit Results Report and Auditors Annual Report which would report formally on its audit finding and include recommendations for the Council was to be presented at the earliest opportunity to a future meeting of the Committee.

In response to observations from a Member, the External Auditor advised that matters raised by the Member would be addressed in the report to future meetings.

Resolved:

That the Audit Committee notes the update reports produced by the Chief Executive and the Council's External Auditors, EY.

Chairman