



AUDIT COMMITTEE

VIRTUAL MEETING VIA MS TEAMS

21st JANUARY 2021

PRESENT: Councillors Skipp (Chairman), Acott (substitute for Councillor Blackwell), Cutler and May.

ALSO PRESENT: Councillors Riley and Varker.

Head of Internal Audit, Andrew Barnes, Ann Horgan, Head of Governance, Ben Brook, Strategy Policy and Performance Manager, Lance Wosko, Financial Services Manager and Michael Dineen were also present.

APOLOGIES: Councillors Blackwell and Mumford.

33. MEMBERS' INTERESTS

There were none.

34. MINUTES

The Minutes of the meeting held on 24th November 2020, were taken as read and signed as a correct record subject to the addition to show that Councillor Varker was also present at the meeting.

35. MONITORING REPORT OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

A report was presented to the Committee on the findings from the ongoing monitoring of the Council's governance arrangements, and progress against the action plan to address significant governance issues as identified in the Annual Governance Statement.

The following was highlighted. A corporate risk register continued to be in place and was ordinarily subject to monitoring by the Audit Committee and Corporate Management Team (CMT) in full twice a year. However, as a result of the attention on the response to the Covid19 pandemic this had not happened this frequently, although work had begun refreshing the risks on the corporate risk register, starting with a review at CMT in December 2020. Risks were being identified as part of the development of service plans and risks would be escalated to the corporate risk register should the identified issue be considered significant.

An internal audit on business continuity arrangements within the Council was completed in September 2020. This provided partial assurance over the arrangements in place and identified area of best practice for the Council to develop which had now been incorporated into the Council's business continuity activities.

An advisory audit of the Council's project management arrangements indicated a number of recommendations including a further and more comprehensive revision

of project documentation and training. The project documentation was to be revised over the remainder of 2020/21 with training continuing in 2021/22.

Timescales in the Action Plan had been impacted due to Covid-19. Nearly all of the actions following the Planning Improvement Peer Review had either been completed or were ongoing. These include member training, reconstituting the committee, member training and the local plan.

The Committee considered a proposal to reduce the frequency of reporting of the monitoring report to twice per year in April and October with the Annual Governance Statement in the middle summer period.

Resolved:

To note the assurance provided by this report about the operation of the Council's governance framework and approves the new reporting schedule proposal to Committee.

36. COUNTER FRAUD & INVESTIGATION: QUARTERLY PERFORMANCE REPORT (INCLUDING Q1 AND Q2)

The Committee considered a report setting out the progress update made in delivering the Corporate Counter Fraud & Investigation strategy for the Council in 2020/21. The report included the performance of the service which was now aligned to financial year reporting from its previous reporting period set at municipal year.

Appendix A outlined the progress made in delivering the agreed Counter Fraud Proactive Work Plan for this year (2020/21).

The team is making good progress in delivering the planned work which had been revised and reported to the committee in November last year due to impact of Covid 19.

The following were highlighted: Counter Fraud Training: creation of an NFI working group to maintain the council's proactive response to data matches; a review the last 5 years of Right to Buy purchases against the restrictions in place which was on course to completed March 2021.

CFI continued to deliver investigations into incidents of suspected fraud or other economic crime for the council. However just prior to Q1 of 2020 the early stages of the Covid-19 Pandemic took hold of the UK and England was placed into Lockdown. This caused CFI to cease home visits and greatly affected the work normally carried out by the CFI team. However, this was not to suggest we would not continue the work required where possible.

The CFI team continued to receive referrals and progress all investigations that were viable. The value of suspected fraud under investigation amounted to £398,000.

The Committee noted that investigations which could not be progressed due to movement restrictions had been placed within the CFI intelligence system and would result in post Covid-19 checks by CFI officers.

Members discussed and it was agreed to take up a suggestion to make Fraud Awareness more public, as fraud and scams were increasing.

Resolved:

To note the performance of the Counter Fraud & Investigation team to date.

37. INTERNAL AUDIT SERVICE, QUARTERLY PERFORMANCE REPORT

The Head of Internal Audit presented to the Audit Committee a report on progress made in delivering the Internal Audit Strategy for 2020/21.

Appendix A set out the current status of the audit work planned for the year as at 18th December. There had been no changes to audits contained in the original plan considered by the Audit Committee in November 2020.

Appendices B to F summarised the results of the audit work completed this year and for audits completed as part of the 2019/20 audit plan which have not yet been provided but, were reported as part of the Head of Internal Audit report presented to the meeting in November. No minimal assurance opinions had been issued.

As outlined in the Strategy presented to the March 2019 Audit Committee, the team reported on a more limited set of performance indicators this year given the amount of work that was still being contracted out.

A programme of stakeholder surveys was usually produced each quarter, but this was on hold due to the Audit Business Support Officer being re-deployed to the Test and Trace service within Southend Borough Council. It was anticipated that these will be recommenced for the 2021/22 audit year.

Despite this, positive feedback has been received from Officers in relation to the Project and Programme Management audit that had been completed, commenting that it provided a transparent and fair assessment with a supportive approach.

Since the last report to the Audit Committee in November 2020 there had been no changes to the in-house team, although at the time of writing a recruitment exercise is being undertaken for a Senior Auditor position that is currently being advertised with a closing date for applications of 8th January.

The expected requirements of the internal audit service into the future continue to evolve and the impact of Covid-19 is causing further deliberations to take place both at an industry level and at a local level.

An in-house team supported by suitably experienced contractors was currently assessed as being the most appropriate team model, utilising the financial

resources available to deliver the internal audit service required by the organisation.

Resolved:

To note the progress made in delivering the 2020/21 Internal Audit Strategy.

38. TREASURY MANAGEMENT MID-YEAR ACTIVITY REPORT:

The Committee considered the Treasury Management mid-year activity report as required by the Council's reporting procedures. It summarised the Council's Treasury Management activity for the first six months of the current financial year. Supporting information was provided within Annexes A and B.

The report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council was required to comply with both codes through regulations issued under the Local Government Act 2003.

The results for the nine months to 31st December 2020 continued to demonstrate prudent and efficient treasury management. Although it was disappointing that interest receivable, as with other income streams, would fall below budget this year. The Council would of course adjust estimates and take the necessary decisions to ensure a balanced budget was set and the Council's finances remained robust over the medium term.

Members discussed and asked a number questions on the report.

Resolved:

That following scrutiny, to approve and submit to Cabinet the Treasury Management mid-year activity report for 2020/21.

39. TREASURY MANAGEMENT AND INVESTMENT STRATEGIES 2021/22

The Council must comply with the Code of Practice - Treasury Management in the Public Services, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). As part of this Code the Council was required to approve an annual Treasury Management and Investment Strategy for the forthcoming financial year.

The strategies for 2021/22 were attached as an appendix to this report.

Setting Treasury Management and Investment Strategies were cornerstones for effective treasury management and essential for sound management of the Council's finances. They were an integral part of the Budget Framework. All implications arising from this strategy have been incorporated into the budget due to be approved by Council in February 2021.

Members discussed and asked a number questions on the report.

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Resolved:

That following scrutiny, to approve the Treasury Management and Investment Strategies for 2021/22 for onward submission to Council on 24 February 2021 as sections 11 and 12 of the overall Policy Framework and Budget Setting Report.

Chairman