



AUDIT COMMITTEE

VIRTUAL MEETING VIA MS TEAMS

24th NOVEMBER 2020

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

ALSO PRESENT: Councillor Riley

Head of Internal Audit, Andrew Barnes, Ben Brook, Strategy Policy and Performance Manager, Chris Mills, Strategic Director (Resources), Lance Wosko, Financial Services Manager, Michael Dineen and Debbie Hanson, Associate Partner (EY) were also present.

APOLOGIES: Councillors Blackwell.

24. MEMBERS' INTERESTS

There were none.

25. MINUTES

The Minutes of the meeting held on 16th January 2020, were taken as read and signed as a correct record subject to an amendment is required to show that Cllr Blackwell was absent from the meeting.

26. EY EXTERNAL AUDIT PLANNING REPORT FOR THE YEAR ENDED 31 MARCH 2020:

The Chairman agreed to take this item of business in conjunction with the next item, number 8 of the Agenda.

The External Auditor's Audit Planning Report for the year ended 31 March 2020 was presented to the Audit Committee.

The report was before the Committee belatedly due to Covid-19. The report had been updated Plan in May to reflect the impact of Covid-19 on both the Council's Financial Statements and Audit Procedures to be undertaken.

Members attention was drawn to area on which the audit would focus including items identified as risks; value for money and audit materiality.

Following the presentation of the report the Audit Committee asked several questions, which were responded to by the Council's External Auditors and Officers.

Resolved – To note EY's Audit Planning Report for the year ended 31st March 2020.

27. EY EXTERNAL AUDIT RESULTS REPORT FOR THE YEAR ENDED 31ST MARCH 2020

The Committee considered a report which summarised the results of the work completed to date for the 2019/20 financial year, regarding the opinion on the Statement of Accounts and the conclusion on the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources (the VFM conclusion).

The External Auditors reported that subject to satisfactory completion of one outstanding item they would issue an unqualified opinion on the authority's financial statements. There were no issues, no matters to report on the arrangements to secure economy, efficiency and effectiveness in the use of resources.

The External Auditor thanked the Council's staff during for their assistance and acknowledged the quality of the accounts during this the period of engagement was acknowledged.

The Committee considered the report and sought clarification regarding the Pension Fund. Members acknowledged this was an excellent outcome given these challenging times.

Resolved - That the External auditors' Audit Results Report 2019/20 be noted and that the Letter of Representation contained within the report be approved.

28. COUNTER FRAUD & INVESTIGATION DIRECTORATE: ANNUAL REPORT 2019/20 COUNTER FRAUD PLAN AND STRATEGY 2020/21

The Committee considered a report outlining the performance of the team over the last year as well as a proposed new Counter Fraud strategy and Proactive Work Plan to tackle fraud for the Council in 2020/21.

The Committee's attention was directed to headline figures for 2019/20:

- 26 reports of suspected fraud had been received
- 8 of those cases had been closed as 'No Fraud or No Further Action'
- 6 sanctions had been delivered in cases of proven fraud
- £149,900 had been detected in proven cases of fraud

The new Counter Fraud Hub had been up and running since January 2020 and there had been an increased presence and referrals. It had also led to links opening up between the Counter Fraud Team and the on-site police teams.

The Counter Fraud team was also moving to deliver training to staff in particular areas. This included housing, procurement as well as elected members.

Towards the end of the year CFI was unable to conduct its 'business as usual' approach to counter fraud as many work activities were halted by the Covid 19. This would have a continued effect on work being carried out in 2020/21, however the scale of this was currently unknown.

Resolved

1. To note the performance of the Counter Fraud & Investigation Directorate for the year 2019/20
2. To approve the Proposed Counter Fraud Proactive Work Plan for 2020/21

29. HEAD OF INTERNAL AUDIT ANNUAL REPORT AND OPINION 2019/20

The Head of Internal Audit presented a report on the rationale for and an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019/2020. A statement on conformance with the UK Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme was submitted to the Committee.

The Council continued to maintain satisfactory and effective risk management, control and governance arrangements, despite the continuing financial pressure that it was dealing with. During 2019/20 an external provider reported on a high-level assessment of the Council's risk management arrangements which concluded that risk management was happening as expected across the Council, however further work was to be done to fully embed this to drive value from the process and help inform decision making at all levels of the Council. As a result, reliance continued to be placed on the Council's risk management arrangements, but steps would be taken to further enhance the consistent utilisation of arrangements and to refresh the Risk Management Policy and Strategy.

As a result of the assurance provided by audit and other work undertaken, the design and operation of the Council's risk management, control and governance framework in place for the year remained satisfactory overall.

The Head of Internal Audit drew attention to the impact of the covid-19 pandemic which began to manifest itself in the latter part of the year as the Council went into emergency response mode in line with the rest of the country and most of the world.

The Council's response appeared to have held up well, co-operating with and co-ordinating a range of resources from a range of different sources to provide the support, response and management of the community to meet the requirements of the Borough as it went through the period of lockdown.

There remained much to do as the situation continues to evolved and there would be further challenges as the Borough and the Council worked on recovery from the pandemic.

As a result there were changes being made to way the Council was operating, including most staff currently operating remotely for most of the time. These new ways of working in the current situation continue to develop and evolve, and there was a need for these to have the opportunity to be properly embedded and assurance obtained that they are working effectively as intended. However the opportunity for a period of time in which things can settle into a 'new normal' does not appear to be forthcoming very soon.

There were no issues other than those already disclosed to be including in the Council's Annual Governance Statement.

The overall conclusion was that the Council was maintaining satisfactory and effective risk management, control and governance arrangements.

The Committee considered the remainder of the report.

Appendix A to the report summarised the audit opinions issued in 2019/20.

Appendix B contained the Internal Audit Plan for 2019/20 as at 2nd October 2020

Appendix C included the results of stakeholder surveys and compliance with professional standards.

Appendix D contained the summary assessment of compliance with the UK Public Sector Internal Audit Standards 2019/20.

Appendix E set out compliance with the UK Public Sector Internal Audit Standards 2019/20 Action Plan as at 2nd October 2020.

Members were pleased to note that arrangements were working well and were mindful of the impact of Covid 19 on the operation and business of the Council.

Resolved – That the Head of Internal Audit's Annual Report for 2019/20 is noted.

30. TREASURY MANAGEMENT ANNUAL REPORT AND ACTUAL PRUDENTIAL INDICATORS 2019/20:

The Committee was informed that the annual treasury report was a requirement of the Council's reporting procedures. It covered both the treasury activity and the actual Prudential Indicators for 2019/20. The report met the requirements of both the CIPFA Code of Practice for Treasury Management in Local Authorities and the CIPFA Prudential Code for Capital Finance in Local Authorities.

As required by the Code, the activity report for 2019/20 was submitted at Annexe A for scrutiny by Audit Committee, prior to submission to Cabinet. It was important to ensure that the Council's treasury management activities were subject to a robust process of scrutiny. This report provided Members with information on treasury management activity and variances in order to fulfil this process.

Members asked questions of the Financial Services Manager regarding borrowing.

Resolved – to approve the Treasury Management Activity Report for 2019/20, including the prudential indicators reported in Annexe D for onward submission to Cabinet.

31. ANNUAL GOVERNANCE STATEMENT 2019/20

The Strategy Policy and Performance Manager presented the Annual Governance Statement for 2019/20 for examination by the Committee prior to consideration by Council.

The Council had delegated responsibility for monitoring and reporting on the adequacy and effectiveness of its governance, risk management and controls to the Audit Committee. Therefore the Committee was required to satisfy itself that the Annual Governance Statement was consistent with its view on the Council's systems based upon the assurance presented to the Committee throughout the year.

The Committee considered and reviewed the report noting in particular the role of the Audit Committee, Risk Management, Business Continuity, Project Management and the Action Plan a new monitoring feature introduced in this year at the suggestion of the Committee.

Resolved – to approve the Annual Governance Statement 2019/20 and, subject to any further amendments from external audit, to recommend its adoption to Council.

32. INTERNAL AUDIT CHARTER, STRATEGY AND AUDIT PLAN FOR 2020/21:

The report presented to the Committee set out the Internal Audit Charter with the supporting Strategy and Audit Plan for 2020/21 and provided an update on progress made on the delivery of the Audit Plan.

A few very minor amendments have been made to the Strategy this year. These were cosmetic and did not change the way the audit service was provided under the Collaborative Working Agreement.

The Audit Plan was initially developed in March 2020 and had been kept under review to assess whether there are any changes to the risk profile and, therefore, update required to the work planned for the year. As is usual practice, any proposed future amendments to the Audit Plan would be reported to the Audit Committee for approval.

Resolved:

1. The Audit Committee approves the Charter, Strategy and Audit Plan for 2020/21.
2. The Audit Committee notes the progress made to date in delivering the 2020/21 Internal Audit Plan.

Chairman

Committee: AUDIT COMMITTEE

Date: 21st January 2020

Subject: Monitoring Report of the Council's Governance Arrangements

1. Purpose of Report

- 1.1 To present the findings from the ongoing monitoring of the Council's governance arrangements.
- 1.2 To report on progress against the action plan to address significant governance issues as identified in the Annual Governance Statement.

2. Background

- 2.1 Part of the requirement of the Council's governance arrangements is a monitoring report on the operation of the assurance framework for the Council. The assurance process includes the work of external auditors and is supplemented by the work of the internal audit service, as well as other assurance processes, including officer and member policies and processes.
- 2.2 The Committee will be aware that governance arrangements include individual staff leads who have taken responsibility for the governance processes set out below and are members of the Governance Group. This report was developed in consultation with officers from this group.

3. Monitoring Results for Key Governance Processes

3.1 Consultation and Engagement

- 3.1.1 Assurance arrangements are satisfactory although the degree of engagement varies across services. Services undertake specific consultation as required to inform the development of new policies and shape future service delivery; service plans for 2021/22 (currently in draft) include the results of consultations and customer feedback which are used to develop new service plan actions. The Council also continues to carry out customer satisfaction surveys. For example, the Housing Service undertake a range of specific surveys on issues such as repairs & maintenance and voids & lettings. The Leisure Service seek regular feedback from service users which is used to improve the leisure offer.

3.2 Business Planning and Strategy, including Partnerships

- 3.2.1 The arrangements for business planning and strategy are adequate. Directorate plans and service plans are in place for the current financial year and new service plans for 2021/22 are being drafted for implementation from April 2021. Progress on delivery of these plans is considered at Directorate Management Team