

## AUDIT COMMITTEE

Minutes of the meeting held on 15 July 2021 commencing at 7.00 pm

Present: Cllr. McGarvey (Chairman)

Cllr. Morris (Vice Chairman)

Cllrs. Barnes, Brown, London, Osborne-Jackson and Pender

Apologies for absence were received from Cllr. Kitchener

Cllr. Dickins was also present

Cllr. Williamson was also present via a virtual media platform, which does not constitute attendance as recognised by the Local Government Act 1972.

### 1. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 30 March 2021 be agreed and signed as a correct record.

### 2. Declarations of Interest

No additional declarations of interest were made.

### 3. Actions from Previous Meeting

The action was noted.

### 4. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations

There were none.

### 5. Audit Committee Member Development - Counter Fraud and Whistle Blowing

The Counter Fraud Manager and Audit Manager briefed Members on Counter Fraud and Whistle Blowing.

Resolved: That

a) the Members Development be noted; and

b) Internal Audit be the next topic for Member development.

CHANGE IN ORDER OF AGENDA ITEMS

With the agreement of the Committee, the Chairman brought forward consideration of agenda item 9, to take place after agenda item 5.

6. Internal Audit Annual Report and Annual Opinion 2020/21

The Audit Manager presented the report which set out the Internal Audit Annual Opinion on the effectiveness of the Council's internal control, governance and risk management arrangements including a summary of the work taken into consideration when forming the Opinion, which should be used to inform Members' scrutiny of the Annual Governance Statement.

Members were advised that this year for the first time the assurance opinion was graded and defined. The overall conclusion was that there was 'reasonable' assurance over systems of risk management, governance and control. This meant that whilst controls were generally working well, there were some areas of weakness which, if not addressed, could impact on the Council's achievement of objectives. Key themes were set out in the report.

Members took the opportunity to ask questions.

*Action 1: For the Audit Manager to speak to Service Desk & Infrastructure Team Manager regarding the storage of passwords.*

Resolved: That the Internal Audit Annual Opinion, be noted.

7. External Audit Housing Benefit Subsidy 2019/20

The Committee welcomed Paul Cuttle from Grant Thornton to the Committee. The Chief Officer, Finance and Investment presented the report which detailed that Grant Thornton were required to audit the Housing Benefit Subsidy each year and the report contained the outcome of the 2019/20 audit.

There were errors identified, however any differences even for £1 were classified as errors, which led to the need for further sample checks. The Chief Officer, Finance & Investment was pleased to report that due to improving working practices and ongoing liaison with Grant Thornton, the numbers of errors had continued to reduce each year.

In response to questions, Paul Cuttle advised that the total amount the Department for Work and Pension (DWP) could claim back from the Council was £1,700 as an extrapolation from the £161 of errors found in the audit work, noting this was out of a total of £22.5m housing benefit paid out.

Resolved: That the report be noted.

8. Counter Fraud and Compliance Report 2020/21

The Counter Fraud Manager presented the report which set out the work conducted by the Counter Fraud & Compliance team during 2020/21. The Team undertook the lead for payment assurance and claim-checking in regards to the Government's Covid-19 Business Support Grants. It was also highlighted to Members the financial benefits derived from the savings attained in counter fraud exercises, and showed a net surplus comparison of £103,411.

Members took the opportunity to ask questions.

Resolved: That the work of the Counter Fraud & Compliance Team carried out during the year ended 31 March 2021, be noted.

9. Statement of Accounts 2020/21 - Establishment of a Member Working Group

The Head of Finance introduced a report which outlined the plans for the Committee to set up a Member working group to review the 2021/21 Statement of Accounts.

Resolved: That

- a) a Member Working group be set up to review the 2020/21 draft statement of Accounts with delegated authority to recommend changes to the draft whilst ensuring adherence to the statutory regulations for the purpose of reporting back to the Audit Committee; and
- b) membership of working group be Councillors McGarvey, Mrs Morris, Osborne-Jackson and Pender, with 5pm on Wednesday 25 August being identified as the most likely date/time to meet.

10. Annual Governance Statement 2020/21

The Chief Officer Finance & Trading presented the report. The Annual Governance Statement (AGS) was an important corporate document which explained the Council's governance arrangements and the controls it employs to manage the risk or failure to achieve strategic objectives.

The Council was responsible for ensuring that its business was conducted in accordance with the law, proper standards and that public money was safeguarded and properly accounted for during 2020/21. The document was owned by all Senior Officers and Members of the Council.

There was one significant governance issue raised in 2019/20 that required action in 2020/21, unsurprisingly it related to the impact of the Covid-19 pandemic. A

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similar governance issue was included in the 2020/21 statement as there remains uncertainty about the ongoing impact(s).

Nothing else has been raised therefore the AGS confirmed that the Council had sound systems of internal control and good governance arrangements in place in 2020/21.

Resolved: That the Annual Governance Statement 2020/21 be agreed for signature by the Leader of the Council.

### 11. Audit Committee Terms of Reference

The Chief Officer Finance & Trading presented the report on the Terms of Reference for the Audit Committee agreed at the Annual Council meeting on 25 May 2021.

Resolved: That

- a) the Audit Committee Terms of Reference be noted; and
- b) adequate consideration had been given to all core areas and Committee was fulfilling its terms of reference, be agreed.

#### Review of the Effectiveness of the Audit Committee 2020/21

The Chief Officer Finance & Trading introduced the report which assessed the achievements of the Audit Committee in 2020/21. The process incorporated the recommended self-assessment checklist from CIPFA. The checklist (Appendix A) had been completed drawing from the work of the Committee in relation to its terms of reference, using the evidence available from the work of the Committee during 2020/21.

Resolved: That the Self-Assessment Review of the Effectiveness of the Audit Committee (Appendix A) for 2020/21, be approved.

### 13. Independent Audit Committee Members

The Chief Officer Finance & Trading presented the report which detailed that within the Terms of Reference, the Committee is entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. The Redmond Review which was completed last year included a recommendation that consideration was given to the appointment of independent members to the Audit Committee and CIPFA also endorsed this approach.

Members discussed the value that an independent member could bring to the Committee, and whether other Councils had Independent Members. It was noted that an appointment from 2023 would be for a 4 year period. Some Members expressed concern for the length of the appointment and whether this could be reduced. Members discussed the need for more information before making a final decision and that consideration could be given for making a 1-year appointment in 2022 (to 2023) before the next election cycle.

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Resolved: That Officers and the Chairman of Audit Committee continue to investigate the value of an Independent Member and a report be brought back to the meeting in January 2022.

### 14. Work Plan

The work plan was noted with Grant Thornton attending the meeting on 23 September 2021 and a report on the Independent Member included for the meeting on 25 January 2022.

THE MEETING WAS CONCLUDED AT 8.39 PM

CHAIRMAN