

## AUDIT COMMITTEE

Minutes of the meeting held on 16 July 2020 commencing at 3.00 pm

Present: Cllr. McGarvey (Chairman)

Cllr. Morris (Vice Chairman)

Cllrs. Brown, London, and Pender

Apologies for absence were received from Cllrs. Barnes and Kitchener

### 34. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 28 January 2020 be agreed and signed as a correct record.

### 35. Declarations of Interest

No additional declarations of interest were made.

### 36. Actions from Previous Meeting

The action was noted.

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

There were none.

### 38. Member Development - Understanding Local Government Accounts

The Head of Finance gave a presentation and briefing for Members on Local Government Accounts.

Resolved: That the Member development be noted.

## CHANGE IN ORDER OF AGENDA ITEMS

With the agreement of the Audit Committee, the Chairman brought forward consideration of agenda item 9, followed by items 7 and 6 respectively and item 8 was moved to follow item 13.

### 39. Statement of Accounts 2019/2020 - Establishment of 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 2019/2020 Statement of Accounts. If approved, Officers would arrange the first meeting date.

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Resolved: That

- a) a Member Working group be set up to review the 2019/20 draft Statement of Accounts with delegated authority to recommend changes to the draft whilst ensuring adherence to the statutory regulations for the purposes of reporting back to the Audit Committee; and
- b) membership of the working group be Councillors McGarvey (Chairman), Mrs Morris, Kitchener and Pender

### 40. External Audit - Annual Audit Plan 2019/20

The Chairman welcomed Sarah Ironmonger and Sebastian Evans from Grant Thornton who presented the External Audit Plan for the year ending 31 March 2020. The original audit plan had been produced in March 2020 (Appendix A), and there was now an audit plan update which outlined the additional audit risks associated with Covid-19 (Appendix B). The main areas of the Audit Plan included property, plant, and equipment, pension liability and group accounts.

The audit plan update, which was issued at the end of May, acknowledged the impact of Covid-19 on practices, deadlines and audit risks. Risks included having to conduct audit remotely and the volatility of financial and property markets causing uncertainty in asset valuation.

Resolved: That the report be noted.

### 41. Annual Governance Statement - 2019/20

The Chief Officer Finance & Trading presented the report. The Annual Governance Statement (AGS) was a corporate document explaining the Council's governance arrangements and the controls it employs to manage the risk of failure to achieve strategic objectives. It was owned by all Senior Officers and Members of the Council. The process confirmed that the Council had sound systems of internal control and good governance arrangements in place. One significant governance issue had been raised through the AGS process which was the response to the impacts of the Covid-19 pandemic.

In response to queries, the Chief Officer Finance & Trading advised the financial impact of Covid-19 was outlined in a report which had gone to Cabinet. There was a decrease in income, an increase in expenditure and Government had provided some financial support.

Resolved: That the Annual Governance Statement 2019/20 be agreed for signature by the Leader of the Council.

### 42. Counter Fraud and Compliance Report 2019/20

The Counter Fraud Manager presented the report which set out the work conducted by the Counter Fraud & Compliance team during 2019/20. The Team had been based within the shared Revenues & Benefits Department. The Team had co-ordinated the Council's participation in the government led anti-fraud

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initiatives and created pro-active exercises designed to protect valuable Council Tax and Business Rate revenue collection.

By increasing the support to the Business Rates Team in relation to anti-fraud matters, there had been a net effect of £210,123 more revenue being attained. There was also an increase in net revenue in Council Tax. The comparison between the cost of the Counter Fraud & Compliance Team in 2019/20 with the financial benefits derived from the savings attained in anti-fraud exercises conducted showed a surplus of £70,679.

In response to queries regarding the 163 cases adjusted in Council Tax in the 2019/20 year, the Counter Fraud Manager advised that the vast majority were adjusted as discounts and exemptions had been incorrectly claimed. Members were advised that the team had been trained to produce criminal files should a decision to take legal action against fraud be taken.

Resolved: That the work the Counter Fraud & Compliance Team carried out during the year ending 31 March 2020, be noted.

### 43. Internal Audit - Annual Opinion 2019/20

The Chairman welcomed Fran Chivers, newly appointed to her post as Audit Manager in May 2020.

The Audit Manager presented the report which set out the effectiveness of the Council's internal control, governance and risk management arrangements. The Internal Audit Annual Opinion was a requirement of Public Sector Internal Audit Standards, and included a summary of the work completed by Internal Audit during the year and other available sources of assurance.

The Audit Manager advised that all work taken as final since the writing of the last opinion was considered for this year's audit opinion, meaning some work from 2018/19 had been included in the report. The overall scope had been somewhat reduced due to a restructure of the team, prolonged vacancies and redeployment of staff to assist in the Council's response to Covid-19.

It was concluded that the systems of risk management, governance and control were sound as delivery was consistent. The majority of audits issued had substantial assurance or full assurance. The Internal Audit service had performed well in satisfaction surveys, but needed to improve in budgeting and delivering audits on time.

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

### 44. Internal Audit Plan 2020/21

The Audit Manager presented the report which detailed the Audit Plan work to be undertaken in 2020/21. The report also provided information related to the planning process, outcomes of planning consultations and the resources necessary to deliver the plan. The Audit Committee is required through its Terms of Reference to consider and approve the plan each year.

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A key aim was to make the best use of the resources available and to make sure the key risks were being addressed. The plan was therefore in two sections, plan A and plan B. Plan A included audits that the team intended to deliver which were already scheduled in. Plan B were additions which could be picked up when the resources would be available.

As part of all audits, clients would be asked how their services had changed in response to Covid19. Due to uncertainty caused by Covid19, the plan had included additional time for advisory and consultancy work. The plan was also likely to need to be revised in-year with any changes to be brought to the Audit Committee.

Resolved: That the Internal Audit Plan 2020/21, be approved.

### 45. Internal Audit Charter

The Audit Manager presented the report which proposed an updated Audit Charter from 2020 as a requirement of the Public Sector Internal Audit Standards (PSIAS). The Charter had set out the purpose, authority, and responsibility of Internal Audit. It also set out the safeguards which were necessary to protect the objectivity and independence of the service along with the governance arrangements for the Council.

The Audit Manager advised that the Internal Audit Charter would need to be reviewed periodically and had aimed to do so annually and alongside the Internal Audit Plan.

Resolved: That the Internal Audit Charter be agreed.

### 46. External Quality Assessment

The Audit Manager presented the report which updated Members on the intention of procuring an external quality assessment (EQA) in the 2020/21 financial year, via a self-assessment validation exercise. The Public Sector Internal Audit Standards (Standards) had required the Internal Audit function to be externally assessed by an independent and competent assessor every five years.

The EQA would need to be completed by November 2020. In light of Covid19, allowances would be made if the EQA would not be completed by then.

The Audit Manager advised that they would do a validated self-assessment exercise rather than a full assessment. The exercise would provide the Audit Team and key stakeholders with the opportunity of being involved in the EQA process, whilst securing value for money and maintaining compliance with professional standards.

Resolved: That the decision to procure an external quality assessment via a self-assessment validation, be noted.

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### 47. 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 12 May 2019.

Resolved: That the Audit Committee Terms of Reference be noted.

### 48. Review of Effectiveness of the Audit Committee 2019/20

The Chief Officer Finance & Trading introduced the report which assessed the achievements of the Audit Committee in 2019/20. 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 2019/20. Appendix B contained the responses to the questionnaire from Members who were on the Committee during 2019/20.

Members commented that only three Members had given feedback in the questionnaire and there had been low attendance at the Audit Committee meetings.

Resolved: That

- a) the Self-Assessment Review of the Effectiveness of the Audit Committee (Appendix A) for 2019/20, be approved;
- b) the Audit Committee Chairman, Chief Officer - Finance & Trading and the Audit Manager develop an action plan to address any areas of improvement; and
- c) the action plan be brought to a later meeting of the Audit Committee.

### 49. Work Plan

The work plan was noted with the addition of an item on the Whistleblowing Policy and an item on the Anti-Fraud Corruption & Bribery Strategy in the next meeting.

THE MEETING WAS CONCLUDED AT 4.16 PM

CHAIRMAN