

AUDIT COMMITTEE

Minutes of the meeting held on 3 November 2020 commencing at 5.00 pm

Present: Cllr. McGarvey (Chairman)

Cllr. Morris (Vice Chairman)

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

An apology for absence was received from Cllr Brown.

Cllrs. Dickins was also present

50. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 16 July 2020 be agreed and signed as a correct record.

51. Declarations of Interest

There were none.

52. Actions from Previous Meeting

There were none.

CHANGE IN ORDER OF AGENDA ITEMS

With agreement of the Committee, the Chairman brought forward consideration of the Members' Allowance Scheme Monitoring.

53. Members' Allowance Scheme Monitoring

The Head of Legal and Democratic Services presented a report which outlined Members' allowances claimed during 2019/20. It was noted that allowances were paid to 72 Members as there was an election that year. Members were advised that travel expenses had been claimed by 31 out of 72 members and the IT allowance was consolidated with the basic allowance from May 2019.

Resolved: That the report be noted.

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

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There were none.

55. Statement of Accounts 2019/20

The Chairman welcomed Sarah Ironmonger and Sebastian Evans from the Council's External Auditors, Grant Thornton, to the meeting.

The Head of Finance presented a report on Statement of Accounts 2019/20. Due to the Covid-19 pandemic, the draft account deadline and signing off of the accounts had been delayed. A Member Working Group had reviewed the draft Statement of Accounts.

The Head of Finance thanked Grant Thornton and the Council's Finance Team for their efforts completing the audit work and financial statements during the unprecedented times due to the Covid-19 pandemic.

The representatives of Grant Thornton explained their findings when considering the Statement of Accounts which were due to be signed off by the end of November 2020. It was advised that, as a result of the Covid-19 pandemic, less certainty and a higher degree of caution ought to be attached to the valuations of land, buildings, investment properties, and pension fund property investments. The Council had reflected this uncertainty in the financial statements. The material valuation certainties in the audit report would be referred to as an emphasis of matter and would not constitute a qualification of the opinion.

The Redmond Review, launched in September 2019 to assess the effectiveness of audit in local authorities and transparency of financial reporting, was summarised by the Grant Thornton representative. The review suggested there was too much focus on property and pension valuations and overly complex financial reporting.

Resolved: That

- a) the Statement of Accounts 2019/20, as set out in Appendix D to the report, be approved and signed;
- b) the letter of representation, as set out in Appendix B to the report, be approved and signed; and
- c) the revised Annual Governance Statement 2019/20, as included in Appendix D to the report, be agreed for signature by the Leader of the Council.

56. Internal Audit Progress Report 2020/21

The Audit Manager presented the report which set out internal audit progress and its outcomes since the meeting in July. This included the completion of the

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2019/20 Audit Plan, progress towards delivery of the 2020/21 Audit Plan and preparation for the External Quality Assessment in January 2021.

The Waste Management service had separately commissioned a consultant to undertake a review of the service which would mean an internal audit review would involve some duplication. Therefore, in the interests of efficiency, the removal of an audit of the service was a proposed amendment to the 2020/21 Audit Plan.

Members expressed an interest in a follow-up audit of the Community Infrastructure Levy (CIL) monitoring since a new monitoring system had recently been introduced.

Resolved: That

- a) the report be noted; and
- b) the removal of Waste Management from the 2020/21 Internal Audit Plan, be agreed.

57. Counter Fraud Policies

The Audit Manager presented the report which introduced the revised Counter Fraud and Corruption Strategy and revised Whistleblowing Policy and outlined the proposals for International Fraud Awareness Week. The Counter Fraud and Corruption Strategy set out the Council's approach to fraud and the Whistleblowing Policy was a key part of the control framework to detect fraud.

The policies were last reviewed in 2017, and they had both been refreshed and revised in line with best practice. One of the areas in which the policies had been strengthened was bringing clarity of the roles and accountabilities throughout the organisation. The strategy aimed to embed a strong counter fraud culture to allow staff to feel empowered to speak up if they suspected wrongdoing.

The Internal Audit role within the Whistleblowing Policy had been strengthened to include overall responsibility for maintenance of both the policy and whistleblowing arrangements. This would mean Internal Audit would not be able to provide independent assurance of the effectiveness of these arrangements.

International Fraud Awareness Week would run from 15 - 21 November 2020. There were plans to run a "light touch" fraud awareness campaign for staff and the public. It would include information on what staff should do if they suspect fraud.

In response to queries, Members were advised there were no whistleblowing allegations in 2019/20.

Resolved: That

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- a) the Counter Fraud and Corruption Strategy be reviewed and noted; and
- b) the Whistleblowing Policy be reviewed and noted; and
- c) the potential need for periodically procured third party assurance on the effectiveness of the Whistleblowing arrangements, as Internal Audit would be unable to provide independent assurance due to conflict of interest, be noted; and
- d) the proposals for International Fraud Awareness week, be noted.

58. Strategic Risk Register

The Audit Manager presented the report which outlined the most recent version of the Strategic Risk Register. There had been several changes to the internal and external environments resulting in changes to the risk register since September 2019. The Council's risk profile had increased largely due to an increased likelihood of events which were beyond the Councils control to an extent.

It was noted that two risks, Temporary Accommodation and Covid-19, had been added to the risk register and two risks, Customer Re-Design and Local Plan, had been removed.

In response to queries, Members were advised that a more detailed register was included as part of the budget which went through the Finance & Investment Advisory Committee, Cabinet and Council. The Audit Manager advised that review of the risk framework would include operational level risks. The whole framework would be considered in order to ensure the mechanisms for capturing operational and project risks would be escalated where appropriate.

Resolved: That the contents of the Strategic Risk Register be considered and noted.

59. Work Plan

The work plan was noted with the External Quality Assessment deferred from 26 January 2021 to 31 March 2021.

The following items were added to the meeting on 30 March 2021: Internal Audit Progress Report 2020/21, Internal Audit Plan 2021/22, Internal Audit Charter, Annual Governance Statement 2020/21, External Audit - Annual Audit Plan 2020/21, Statement of Accounts 2020/21 - Establishment of Member Working Group, Annual Report to Council, and a member development item with the subject to be confirmed.

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The following items were added to the Summer 2021 meeting: Internal Audit Annual Report and Annual Opinion 2020/21, Statement of Accounts 2020/21, Audit Committee Terms of Reference, Review of Effectiveness of the Audit Committee 2020/21, Counter Fraud and Compliance Report 2020/21, and a member development item with the subject to be confirmed.

The Deputy Chief Executive & Chief Officer - Finance & Trading encouraged Members to make known what subjects they would like covered in the upcoming member development items.

THE MEETING WAS CONCLUDED AT 5.59 PM

CHAIRMAN