

AUDIT COMMITTEE

12th April 2021 at 6.00 p.m.

Virtual meeting via Microsoft Teams

Held in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020; and conducted according to the Councils Standing Orders for Remote Meetings and those set out in the Council's Constitution.

Present:

Mr A. Green
Councillor J. Fitzpatrick
Councillor. Johal
Councillor. Rasab
Councillor. Robertson
Councillor. Young

Officers

Interim Executive Director – Resources and Transformation
Director of Finance, Corporate Performance Management and
Corporate Landlord
Head of Finance
Deputy Head of Finance - Corporate
Corporate Assurance Manager
Finance Manager - Technical Accounting and Treasury Management
Principal Democratic Services Officer (Council, Regulatory, Appeals)

Representative of Mazars
Representatives of Grant Thornton (GT)

Welcome

At this point in the meeting, the Chair opened the meeting by welcoming everyone, and explaining the rules of procedure and legal context in which the meeting was being held. He also directed members of the public viewing the meeting to the papers, which could be found on the Council's Committee Management Information system (CMIS) webpage.

Members confirmed that they could both see and hear the proceedings.

77/20 Apologies

Apologies were submitted on behalf of Councillor G. Ali and Sureya Ajaz.

78/20 Minutes

A copy of the minutes of the meeting held on 23rd March 2021, were submitted:-

(see annexed)

Resolved -

That the minutes of the meeting held on 23rd March, 2021 a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

79/20 Declarations of Interest

There were no declarations of interest.

Deputations and Petitions

There were no deputations submitted or petitions received.

81/20 Local Government (Access to Information) Act, 1985 (as amended)

Resolved (by assent)

That the public be excluded from the meeting during consideration of the items set out in the private part of the agenda for the reasons set out therein and Section 100A of the Local Government Act, 1972.

82/20 Notification of any issues of importance for consideration at a future meeting

There were no issues raised as issues of importance for consideration at a future meeting.

83/20 Committee Decision Tracking Chart

The Committee considered the committee decision-tracking chart.

Resolved:

That the committee decision tracking chart was noted.

84/20 Audit Committee - Engagement and Participation

The Principal Democratic Services Officer (Council, Regulatory, Appeals) presented the report and highlighted the salient points. The report presented the annual review of the Audit Committees' effectiveness; it was acknowledged that the Committee continued to provide robust and effective challenge however, the ways in which this could be improved were described.

Resolved that:

- 1. The Section 151 Officer and Monitoring Officer develop an appropriate list of skills which would benefit members of the Audit Committee;**
- 2. The Section 151 Officer, or their nominated representative, meet with Group Leaders following each election to:-**
 - Discuss the importance of the role and function of the Audit Committee; and**
 - Request that, wherever possible, members appointed to the Audit Committee have skills that are closely aligned to the list developed by the Section 151 and Monitoring Officer.**
- 3. A skills analysis be undertaken when members are appointed to ensure training can be tailored to their needs;**
- 4. The Councils report template be adopted for Audit Committee (appendix 1), which aligns with the New Ways of Thinking Framework (appendix 3);**
- 5. That the report guidelines document be adopted and implemented from May 2021 (Appendix 2);**
- 6. A guide on Audit be produced in plain English, for all members; and**
- 7. All 60 Members of the Council be invited to attend training on Audit matters when arranged.**

85/20 Annual Review of the Scheme of Delegations to Officers

It was agreed that item 9 would be withdrawn from the agenda. However, the final draft of the report would be circulated to Committee Members prior to its submission to Council.

Resolved that

Item 9, the Annual Review of the Scheme of Delegations to Officers, be withdrawn from the agenda.

86/20 Performance Management Framework 2021

The Corporate Assurance Manager presented the report and highlighted the salient points (annexed). Members were informed that the report provided the Committee with a revised performance management framework, which set out how the council would ensure the delivery of the Corporate Plan 2021-2022. It was presented to the Committee in connection to risk management and internal control arrangements of the Council.

The Committee were advised that the framework set out the broad performance management principles, performance management responsibilities and set out '20 markers' which would be used to track delivery of the 2021-2022 Corporate Plan (with quarterly monitoring reports to Cabinet).

A Member asked if the '20 markers' were performance managed, and how this data would be collected. A discussion ensued on the 'markers' and how performance targets would be monitored in the absence of specific targets within the framework. Officers explained that service areas would evidence this, select appropriate data and intelligence to indicate how markers had been met or needed to be improved. It was noted that the corporate plan was still in development and as such corporate measures would be worked on, the impact on outcomes and level of measurability would become clearer as this progressed.

A Member highlighted concern that the council was relying on data from outside of the organisation for those markers which related to 'housing needs'. Officers acknowledged that there may be a lag in this data but a holistic view of the service should be taken to provide confidence in each marker.

Members stressed the importance of the audit committee being aware of any issues with performance. In the absence of indicators against the performance framework, the committee would lack assurance. It was suggested that feedback from the public was also important to indicate performance. Officers responded to inform Members that surveys were taking place, which would feed into the future corporate plan. The framework stipulated the importance of the quality and accuracy of the data and the targets in place to measure key performance indicators. A Member stressed that priorities and markers should have key performance indicators associated to them to ensure clarity. The Interim Executive Director highlighted that the corporate plan would contain those targets alongside the markers of success, there would be targets set and ongoing performance management against the markers of success. It was clarified by Officers that it was the intention to keep the framework and corporate plan separate.

Members of the Committee suggested that resident satisfaction should be considered when developing the corporate plan. It was questioned how long

the census data took to feed back to the council, and Officers confirmed that this was at least 12 months. A Member asked what the return rate on the recent resident survey was, and it was agreed that this information would be circulated.

Resolved that

- 1. To note the revised performance management framework.**
- 2. To note the '20 Markers' identified to give monitoring oversight for the priorities of the 2021-2022 Corporate Plan.**
- 3. Subject to the inclusion of appropriate 'Key Performance Indicators' the framework for approval be recommended to Cabinet as robust and fit for purpose in setting out how the council can work to ensure the delivery of its Corporate Plan 2021-2022 and secure effective and sustainable improvements for the benefit of its residents.**
- 4. The Performance Management Framework 2021 is taken to a future meeting of the Audit Committee.**

87/20 Internal Audit Progress Report 2020/21 & Indicative KPIs

The Internal Audit representative presented the report to the Committee (annexed) and highlighted the salient points. The Committee were advised that the report provided an update on Internal Audit's progress against the 2020/21 audit plan as at the end of quarter 4.

The Deputy Head of Finance stated that targets were being achieved for the vast majority of the KPI's and performance standards, the performance of three indicators had been impacted by the pandemic and these had been specifically highlighted within the report.

A Member asked for an update on progress of the 'effective completion of audit work' as contained within 6.3 of the report. It was clarified that Internal Audit were on track to complete all work, however some timescales had been impacted due to the pandemic. The Audit Committee were asked to consider proposed changes to the definitions for audit assurances and recommendations. The changes would ensure that definitions were aligned across public sector organisations.

A Member expressed concern in relation to the confidential whistleblowing prioritisation. The Head of Internal Audit provided assurance that this prioritisation was adequate and that this would be followed up during 2021/22.

Resolved that

- 1. That Audit Committee noted the contents of this report and progress against the 2020/21 internal audit plan, and associated KPI performance.**
- 2. That Audit Committee noted the proposed changes to the Internal Audit opinion and recommendation classifications proposed from April 2021, as set out in Appendix 1.**

88/20 Updated Counter Fraud and Corruption Police and Response Plan

The Deputy Head of Finance presented the report to the Committee and highlighted the salient points (annexed). This report provided the Audit Committee with an updated counter fraud and corruption policy, following internal consultation, and an associated response plan developed to implement the revised policy, for review and approval.

A Member asked about the speed in which the Council could respond to allegations of fraud. The Officer stated that it depended on the complexity of the allegation, however, a formal process was followed and this allowed the action required to be understood. Officers were asked what action was taken against the person suspected of fraud. It was clarified that this was dependent on the nature of the suspicion however HR advice was sought.

A Member asked if the reference to the code of conduct for employees could be widened to include Employees, Directors and Councillors. Officers confirmed that the wider codes of conduct could be added in the final document.

Officers were asked if they were comfortable that the strategy and the plan were sufficient to prevent the offence of bribery as described under the 'Bribery Act'. The Internal Audit representative stated that training on this was provided. It was clarified that the investigating officer would be determined by the relevant service area and Internal Audit colleagues.

A Member asked if information could be shared across authorities, Officers confirmed that this was an area that would be developed and be made more effective.

Resolved that

That Audit Committee noted the updated Counter Fraud and Corruption Policy and associated Response Plan.

89/20 Accounting Policies 2020/21

The Finance Manager presented the report and highlighted the salient points (annexed). The Committee were informed that the report set out the significant accounting policies that would be used in the preparation of the 2020/21 Statement of Accounts. It was highlighted that there were no proposed changes to the accounting policies when compared with 2019/20.

Resolved that:

Audit Committee noted the accounting policies (Appendix 1) for use in the completion of the financial statements for 2020/21.

90/20 Audit Committee Year End Review of 2020/21 Work Programme

The Head of Finance presented the report and highlighted the salient points (annexed). The Committee were informed that the report provided a year-end review of the work programme to inform the Annual Report to Council and the 2021/22 work programme.

It was noted that the 'Assurance map and governance framework' which would now be considered in the first meeting of the next municipal year due to the impact of the pandemic. However, the majority of the work programme and additional items had been considered by the Committee throughout the year.

Resolved

That Audit Committee Year End Review of 2020/21 Work Programme be noted.

91/20 The Redmond Review

The External Audit representative presented the report and highlighted the salient points (annexed). The report set out an overview of 'The Independent Review into the Oversight of Local Audit and Transparency of Local Authority Financial Reporting'.

The Committee were informed by the External Audit representative that the Redmond Review was set up in response to issues with the delivery of local audits. Key recommendations of the Redmond Review were described:

1. A new regulator - the Office of Local Audit and Regulation to replace the Financial Reporting Council's role and that of Public Sector Auditor Appointments ;
2. Scope to revise fees - the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements;

3. A move back to a September deadline for Local Authorities - the deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year;
4. Accounts simplification - review of the statutory accounts to determine whether there is scope to simplify the presentation of local authority accounts.

There were also recommendations around governance in local authorities, in relation to Audit Committees this included formal reporting extending beyond the Audit Committee to ensure a higher profile of the auditors findings. All Audit Committees should have an independent member to ensure the right balance of skills and experience. It was also recommended that there were more formal regular meetings between senior management and external audit.

In response to a Member, the External Auditor stated that the majority of the recommendations had been supported by Government (although some had not been accepted). The Head of Finance confirmed that a further response was expected and once a final report was received, it would be taken to the Committee to consider the impact.

Resolved that

The Redmond Review be noted.

92/20 External Audit – Audit Planning Report for the Year Ending 31 March 2021

The External Audit representative presented the report and highlighted the salient points (annexed). The report provided the Committee with details of the external auditors audit plan for the financial year ending 31 March 2021.

It was noted that on page 4 the figures relating to audit fees quoted were incorrect, the correct figures were set out in the appendix 170-171. Officers confirmed that they were satisfied with the planning report.

Resolved that

The External Audit – Audit Planning Report for the Year Ending 31 March 2021 be noted.

Private session

Exclusion of Public

Resolved -

That, during consideration of the next item on the agenda, the Committee considers that the item for consideration is exempt information for the reasons set out therein and Section 100A of the Local Government Act, 1972, and accordingly resolves to consider that item in private.

93/20 Update on internal audit priority 1 recommendations

The Update on internal audit priority one recommendations report was submitted.

Resolved -

That the update on internal audit priority 1 recommendations be noted.

94/20 Update on Covid-19 Grant Administration Internal Controls

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended).

The Update on Covid-19 Grant Administration Internal Controls report was submitted.

Resolved

That the Update on Covid-19 Grant Administration Internal Controls be noted.

95/20 Minutes of meeting held on 25th January 2021

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended).

The private set of minutes for the meeting held on 23rd March 2021 were submitted.

(See annexed)

Resolved -

That the private minutes of meeting held on 25th January 2021 be agreed.

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended).

Termination of Meeting

The meeting terminated at 7.45 p.m.

Chair.....Date.....