

AUDIT COMMITTEE

Tuesday 27th July, 2020, 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) Regulation 2020; and conducted according to the Council's Standing Orders for Remote Meetings and those set out in the Council's Constitution.

Present

Mr A Green (Independent Member and Chair)
Councillor Rasab (Vice-Chair)
Councillor Ali
Councillor Johal
Councillor Robertson

In attendance

Interim Executive Director (Resources and Transformation)
Interim Director of Finance, Corporate Performance Management and Corporate Landlord
Interim Executive Director (Adult Social Care)
Internal Audit Manager (Mazars)
Corporate Finance Manager
Head of Information Communications and Technology
Finance Manager – Technical Accounting and Treasury Management

Representative of Mazars
Representatives of Grant Thornton (GT)

16/20

Welcome / Apologies

The Chair welcomed all in attendance and asked everyone present to introduce themselves.

An apology for absence was submitted on behalf of Councillor Young.

17/20

Minutes

A copy of the minutes of the meeting held on 18th February, 2020 were submitted.

(see annexed)

Resolved

That the minutes of the meeting held on 18th February, 2020 a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

18/20 Declarations of Interest.

There were no declarations of interest.

19/20 Deputations and Petitions

There were no deputations submitted or petitions received.

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

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

21/20 Notification of any issues of importance for consideration at a future meeting

There were no issues raised under this item.

22/20 Committee Decision Tracking Chart

A report was submitted:-

(see annexed)

The Clerk presented the report and highlighted the salient points contained therein.

Resolved

That the report be noted.

23/20 Audit Committee role, remit and work programme 2020/21

A report was submitted:-

(see annexed)

The Interim Director of Finance, Corporate Performance Management and Corporate Landlord presented the report and highlighted the salient points contained therein.

The Chair sought assurance that the committee could convene at any point should it be necessary. Officers confirmed that this was the case.

The Chair further asked whether training would be provided on the financial statements. Officers advised that training would take place before September, 2020.

Resolved

1. That the remit of the Audit Committee be noted;
2. That the proposed work Programme be approved; and
3. That the training Programme be agreed with the inclusion of Financial Statements training to be delivered in September, 2020.

24/20

Accounting Policies

A report was submitted:-

(see annexed)

Resolved

That the accounting policies for use in the completion of the financial statements for 2019/20 be noted.

25/20

External Audit Annual Update

A report was submitted which provided an update to the planned scope and timing of the statutory audit of Council's Statement of Accounts, as reported to Committee in February 2020.

The report also confirmed that, subsequent to the February 2020 Audit Plan, events surrounding Covid-19 have led Grant Thornton to update the planning risk assessment and reconsider the audit and value for money approach.

(see annexed)

Resolved

That the report be noted.

26/20

External Audit Statement of Accounts Update

A report was submitted:-

(see annexed)

The interim Director Finance, Corporate Performance Management and Corporate Landlord referred members to page 68 of the report submitted which clarified the approach to value for money. In addition, members were asked to consider appendix A to the report which highlighted the major challenges of Covid-19 on local government.

A member questioned whether the fee for external audit work would increase due to Covid-19. In response, it was confirmed that a variation was not expected. This was due to the postponement of the implementation of a new standard around leasing which would counterbalance the additional costs of Covid-19 related matters.

The Chair commented that the appendix highlighting the challenges was helpful and it was encouraging to note that external auditors were working closely with the council. He stated that should there be slippage he would expect the committee to be informed.

In closing, the Chair suggested that the briefing paper be circulated to the councils corporate management team. The Interim Executive Director (Resources and Transformation) agreed to do so.

Resolved

1. That the Interim Executive Director (Resources and Transformation) circulates the briefing paper;
2. That the report be noted.

27/20

Internal Audit Annual Report 2019/20 and Head of Internal Audit Opinion

A report was submitted which highlighted the work undertaken for the year ended 31st March 2020 and incorporated the audit opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

(see annexed)

The Chair commented that this was a good news story as 82% of the benchmarking data was good or substantial. Recommendations were also favourable and there were far less category ones.

Whilst this was positive the Chair emphasised the need to recognise the challenges that Covid-19 would bring to the 2020/2021 year and sought assurance, which was duly given, that the work plan would prioritise key work programmes.

Resolved

That the report be noted.

28/20

Annual Governance Statement 2019/20 including Annual Review of Effectiveness of Internal Control

A report was submitted:-

(see annexed)

The interim Director Finance, Corporate Performance Management and Corporate Landlord presented the report highlighting the salient points therein.

A member referred to the recording of contracts on the Council's (electronic) contracts register, which was 'in part' compliant asking whether this had been resolved. The Audit Manager confirmed that this was a result of testing and an audit plan had been prepared.

The chair raised a concern that there could be a reliance on key questions rather than internal reports which are undertaken as a matter of course. He suggested that knowledge from reviews should be used and that efforts are made to avoid any potential duplication. He stated that it was positive that Audit had given assurance with the governance arrangements and asked that any changes should be brought back to committee before the accounts were agreed.

Resolved

1. That the findings arising from the annual effectiveness review of the system of internal control be received;
2. That the Annual Governance Statement which will be published alongside the post-audit Statement of Accounts, be approved;
3. That should any significant governance matters arise between this report date and approval of the accounts, then an amended AGS will be brought back for Audit Committee's consideration.

29/20

Chair's 2019/20 Annual Report to Council

A report was submitted:-

(see annexed)

Resolved

That the Annual Report of the Audit Committee 2019/20 be approved and that the Vice Chair of the Audit Committee during 2019/20 present the report to the next meeting of Council.

30/20 Internal Audit Charter 2020/21

A report was submitted:-

(see annexed)

Resolved

That the internal audit charter be approved.

31/20 Internal Audit work plan 2020/21

A report was submitted:-

(see annexed)

The Chair stated that he was pleased that governance and controls around Covid-19 formed part of the work plan and sought assurance that these controls had worked effectively. The Internal Audit Manager explained that this would be considered in more depth and assurances would be submitted to a future meeting of the Committee.

The Chair recommended that decision-making and procurement decisions be a priority and a key focus to ensure that decisions had been made robustly during Covid-19.

Resolved

1. That decision-making and procurement decisions be a priority and a key focus to ensure that decisions had been made robustly during Covid-19; and
2. That the Internal Audit Plan be noted;

32/20 Internal Audit Progress Report 2020/21 & KPI's

A report was submitted:-

(see annexed)

The Chair referred to rescheduling work around Covid-19 and asked whether, due to the nature of testing rather than control design, whether the definitions of assurance should be amended. In response, the Internal Audit Manager explained that she had not seen anything that would require the definitions to be changed but this will be considered as the programme is worked through. The Chair asked that the committee be informed if, at some point, definitions do require amending to which the Internal Audit Manager agreed.

Resolved

That the report be noted.

33/20

Risk Management update – Strategic Risk Register (SRR)

A report was submitted which updated the Audit Committee with regards to recent risk management activity, and the development of a Covid-19 related strategic risk section of the Strategic Risk Register (SRR). In addition, the report also provided an update on feedback on the implementation of the existing Risk Management Strategy and the proposed additions to the Risk Management Framework.

(See annexed)

The Chair asked whether plans were being developed for a potential second wave of the virus. The Internal Audit Manager confirmed that this was taking place at an operational level.

A member of the committee suggested that assurance should be sought, over and above existing controls, to plan and prepare for a second wave. The Corporate Finance Manager commented that there are a number of risks for the current wave and further measures that will be implemented.

The Chair referred to the impending deadline for Britain to leave the European Union, commenting that he hoped that Corporate Management Team and Cabinet were keeping on top of necessary preparations.

Resolved

1. That the Covid-19 related strategic risks section that has been developed and incorporated in to the Strategic Risk Register (SRR), be noted;
2. That the feedback on the implementation of the Risk Management Strategy and the further actions agreed by the Corporate Management Team (CMT) be noted.

34/20

Update on One Source

A report was submitted.

(See annexed)

The Head of Information Communications and Technology presented the report and provide an overview of the salient points including the fact that the project was delivered on budget and the significant innovation shown during Covid-19. This included training via Microsoft Teams, how to videos and 'show me' sessions.

A member sought assurance that sufficient safeguards were in place to protect data. The Head of Information Communications and Technology confirmed that she was the councils Senior Information Risk Owner and managed information governance confirming that the council was compliant.

The Committee confirmed that in the absence of Microsoft Teams, working during Covid-19 would have been much more challenging and expressed thanks to staff within the Information Communication and Technology for their work.

The Chair stated that this was a significant programme within the council transformation programme. In terms of engaging staff it was noted that some may not access council emails. As such, he sought assurance that as systems transfer from paper to computer based solutions, that staff without access aren't forgotten and will still receive timely communications. The Head of Information Communications and Technology confirmed that Onesource would be available to all via email and that this included personal email accounts.

The Chair thanked the Head of Information Communications and Technology for the update and proposed that no further updates would be required unless an issue arose. This was duly supported by the committee.

Resolved

1. That no further updates be required unless an issue arises;
2. That the update be noted;

35/20

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.

36/20 **Follow Up of Priority 1 Recommendations**

A report was submitted.

(See annexed)

Resolved

That a further report on Priority 1's be considered at the next meeting of Audit Committee.

(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 7.42 p.m.

Chair:

Date: