

AUDIT SUB-COMMITTEE

13th July 2020

PRESENT:-

Conservative Group

Councillors Atkin (Chairman), Churchill (Vice-Chairman) and Mrs. Wheelton.

Labour Group

Councillors Dunn and Shepherd.

AS/01 **APOLOGIES**

The Sub-Committee was informed that no Members had submitted apologies.

AS/02 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/03 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/04 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/05 **EXTERNAL AUDIT PLANNING REPORT FOR THE YEAR ENDING 31ST MARCH 2020**

The External Auditor presented the report and advised Members of the strategy, which focused on changes due to Covid-19 and set out the risk areas for the year.

The Sub-Committee raised points regarding the actuary value of the pension scheme and asked if a report would be provided on this issue. The External Auditor advised Members that there would be no specific report on pension

balances as it would form part of the Audit Results Report due to be brought to the Committee at a later date.

The Chairman asked how value for money would be considered by the External Auditor during the Covid-19 pandemic and raised a query regarding the timeline for the Audit Results Annual Report. The External Auditor informed Members that considerations in relation to value for money were laid out in Guidance issued by the National Audit Office which had been updated to take into consideration the impact of Covid-19 for 2020/21. The External Auditor explained that they were on course to deliver the Annual Report in November 2020.

RESOLVED:

Members considered and approved the proposed Audit Plan for the year ending 31st March 2020.

Abstention: Councillor Shepherd.

AS/06 **PROPOSED INTERNAL AUDIT PLAN 2020/21**

The Internal Audit Manager presented the report giving an overview of its content setting out the plan for the year and identified the risk areas to be looked at, highlighting the Audit Charter agreement with Council which had not changed since last year

The Sub-Committee raised questions regarding the flexibility of timelines given the unknown quantity of COVID-19 and sought clarity of how risks were calculated. The Internal Audit Manager confirmed that the focus was on current risks and that revisions of coverage would be adopted if a second wave of COVID-19 occurred.

The Chairman raised queries regarding risk assessments and the relationship between the Internal and External Auditors. The Internal Audit Manager clarified that experience and understanding of the Council's systems, a vast knowledge base of other authorities, research of Committee Reports, regular meetings with the 151 Officer and consultation work are all considered when putting together risk assessments. Members were also informed that there was liaison between the Internal and External Auditors, sharing knowledge and identified risks.

RESOLVED:

The Sub-Committee considered and approved that the proposed Internal Audit Plan for 2020/21 be implemented

AS/ 07 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Officer presented the 2019/20 report up until 31st March 2020, highlighting the internal audits, risks, implemented recommendations and assurance ratings.

The Chairman asked about the impact of COVID-19 delaying the implementation of recommendations. The Internal Auditor advised that in absence of Committees sitting since the lockdown began it had been difficult where policy had been attached to recommendations

Councillor Churchill raised queries regarding improvement grants and the lack of implemented recommendations. The Head of Housing informed Members that the recommendations were presented to Housing and Community Services Committee for approval and that the Housing Team had worked on the recommendations, providing updates to the Internal Auditor on a monthly basis.

The Internal Audit Officer presented the 2020-21 Audit Plan Progress Report, to Committee from 31st March 2020 highlighting the three Audits undertaken, outstanding recommendations and the change in terminology explained at the rear of the report.

The Sub-Committee asked for updated positions regarding outstanding red recommendations and sought clarity regarding training. The Strategic Director (Corporate Resources) confirmed that training would be carried out remotely and added that PCI compliance training in relation to over the phone card payments had been delayed as an external facilitator was required to visit the contact centre to formulate a training plan, therefore it was not possible to update the recommendation.

The Internal Audit Manager advised that red outstanding recommendations which included two for Right To Buy, of which one had an implementation date of the 31st July 2020 and the second recommendation was delayed due to a process map required to ascertain what was to be procured. The housing safety inspections recommendation had a revised date of the 31st July and the rent accounting recommendation required a new process to be put in place which was awaiting Committee approval.

RESOLVED:

Members considered the report of the Audit Manager and did not identify that any issues needed be referred to the Finance and Management Committee or be subject to a follow-up report.

AS/ 08 **LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING: QUARTER 1 MARCH 2020**

The External Auditor presented the report and directed Members to the questions for consideration regarding the future funding and sustainability of public sector audit.

Councillor Dunn enquired if Officers had addressed the key questions noted by the External Auditor. The Strategic Director (Corporate Resources) informed the Committee that the questions had been addressed.

RESOLVED:

The Sub-Committee considered the key questions highlighted by the Council's External Auditors contained in their latest sector update.

AS/ 09 **THE ROLE AND RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER IN LOCAL GOVERNMENT**

The Strategic Director (Corporate Resources) advised the Sub-Committee that the report was a new requirement under the Financial Management Code, that set out the five principles that an authority and Section 151 Officer must adhere to, to ensure the financial position of the Council remained sound and finances were properly controlled. The Strategic Director (Corporate Resources) explained the role and requirements of the Section 151 Officer.

RESOLVED:

Members considered and noted the Council's compliance with the Statement on the role and responsibilities of the Chief Finance Officer as detailed in the report.

AS/ 10 **THE CIPFA FINANCIAL MANAGEMENT CODE**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee explaining the new requirement for authorities to comply to 17 standards regarding financial management, which would be implemented as of April 2021. The Strategic Director (Corporate Resources) pointed out that the Council fully complied with 13 standards and that one of the remaining standards regarding a value for money statement, was being worked on and a report would go to the Finance and Management Committee soon. The Strategic Director (Corporate Resources) explained that another standard regarding good Governance and compliance with the Nolan Principles of Public life required a piece of work to evidence that the Council does comply but highlighted that the Council did not comply with the standard relating to

consultation on the medium term financial plans and requested that Members gave it consideration.

Members raised queries regarding the level of consultation required, the Strategic Director (Corporate Resources) informed Members that was an individual council's choice regarding the level of consultation involved.

RESOLVED:

Members considered and noted the Council's compliance with the Financial Management Code as detailed in the report

AS/ 11 **ANNUAL REPORT OF AGREED PROCEDURES 2018/19**

The External Auditor presented the report to the Sub-Committee, highlighting additional work carried out for the Council by the External Auditor relating to grant claims.

RESOLVED:-

The Sub-Committee considered the Auditor's Report for 2018/19 and approved future arrangements, together with management actions, to ensure Housing Benefit claims are processed accurately.

AS/ 12 **PROPOSED EXTERNAL AUDIT FEE 2019/20**

The Strategic Director (Corporate Resources) introduced the report and informed the Sub-Committee about the current debate concerning the level of audit fees and whether these would be sustainable for audit to deliver the service and provide opinions to local authorities.

The External Auditor appreciated the willingness of the Council to discuss the subject and explained that because the Public Sector Audit Appointments did not have enough information to set scale fees in the current environment it requested that auditor firms engage individual authorities regarding the increase in audit fees.

RESOLVED:-

1.1 Members did not agree to increasing the Annual Audit Fee, payable to the Council's External Auditor, as detailed in the Report.

1.2 Members did agree to remain engaged with changes at national level.

Councillors Dunn and Shepherd voted against the increase.

AS/13 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Work Programme to the Sub-Committee

RESOLVED:

Members considered and approved the updated work programme.

AS/14 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/15 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 6.20pm.

COUNCILLOR ATKIN

CHAIRMAN