



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 12th September 2022

PRESENT : Cllrs. Wilson (Chair), Brooker, Bowkett, Patel, Durdey and Melvin

Others in Attendance

Director of Policy and Resources

Head of Audit, Risk and Assurance (ARA)

Group Manager (ARA)

Democratic and Electoral Services Officer

APOLOGIES : Cllrs. Gravells MBE and Pullen

16. DECLARATIONS OF INTEREST

Councillor Melvin declared an interest owing to being an appointed member of the Board of Gloucestershire Airport Ltd.

17. MINUTES

17.1 The Head of Audit, Risk and Assurance (ARA) highlighted the narrative outlined in paragraph 2.1 of the previous minutes. He clarified that the benefit subsidy audit was an external audit piece of work.

17.2 **RESOLVED** that the minutes of the meeting held on 18 July 2022 were confirmed and signed by the Chair as a correct record, subject to an amendment to mark the Vice-Chair as present.

18. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

19. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions nor deputations.

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20. APPOINTMENT OF AN INDEPENDENT MEMBER

- 20.1 The Head of Audit, Risk and Assurance provided a verbal update. He thanked the Chair, Vice-Chair and other relevant parties for their input and confirmed that the advert for an Independent Member had now gone live and had attracted interest. He stated that the closing date for applicants was the 26th of September.
- 20.2 The Chair noted that he and the Vice-Chair had indicated which dates they were available to interview candidates and that he hoped that an Independent Member was in place before the next Committee meeting.
- 20.3 **RESOLVED** that the Audit and Governance Committee **NOTE** the verbal update.

21. INTERNAL AUDIT ACTIVITY PROGRESS REPORT

- 21.1 The Head of Audit, Risk and Assurance (ARA) outlined the content of the report. He highlighted that the report had a different look and feel to previous progress reports. He said that the summaries were now more concise and that a summary of work conducted for 2022-23 was included. He said that the report included summaries of grant certification work undertaken as well as a follow up Audit for Gloucestershire Airport Ltd.
- 21.2 The Head of Audit, Risk and Assurance stated that there had been no new irregularities referred to the ARA Counter Fraud Team.
- 21.3 He said that the progress report was now broken down into quarters which was colour coded to indicate the likeliness of when each specific audit would begin.
- 21.4 Regarding counter-fraud, he said that thanks to the work undertaken by the National Fraud Initiative (NFI) they had recovered approximately £42,000 on behalf of the Council.
- 21.5 Councillor Bowkett asked how long the National Fraud Initiative would continue for. In response, the Head of Audit, Risk and Assurance said that it was a continuing process that took place every two years. He said that data was amalgamated from various sources, such as the electoral roll, payroll, creditors and council tax and that this data gets matched for Councils to view. He stated that the next round of uploading data would happen in October.
- 21.6 The Chair referred to the Contain Outbreak Management Fund pointed to paragraph 2.5(iv) of the report. He stated that there had been an underspend, owing to the Cyber Incident and that it had not been possible for Internal Audit to verify the carry forward balance of the grant to the financial system. He asked whether the Treasury were content with this. In response, the Group Manager (ARA) confirmed that while agreement had

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not been made to the general ledger, ARA had agreed the balance to the alternate records maintained by the Council and that this was reasonable. The certification to the funding body was made on this basis. She stated that where grant review is required for 2022/23, ARA would be able to perform a retrospective review of the uploaded ledger. The Director of Policy and Resources added that since the Cyber Incident, the Council had worked closely with Government, particularly the Department for Levelling Up, Communities and Housing (DLUCH) so that they were aware of their situation.

- 21.7 The Chair noted that the Council was awarded £57,861 to Protect and Vaccinate and asked why this funding was not used. In response, the Group Manager (ARA) said that a variety of COVID grant funding came at different points of the year. She confirmed that the Protect and Vaccinate grant was allocated for a very specific purpose, that the funding determination was issued on the 31st January 2022 and required expenditure by 31st March 2022.
- 21.8 The Chair noted that the recommendation outlined in paragraph 2.16(v) of the report which was that Gloucestershire Airport Ltd report the detail of any outstanding governance action plan issues and that forum papers should include the position and progress on policy and procedure review. He said that the target completion date for these actions was the 31st of July 2022, which had passed. He asked whether the Audit team were planning on following up. In response, the Group Manager (ARA) confirmed that ARA have a recommendation follow up approach and that both Airport recommendations would be captured by this. The Director of Policy and Resources added the second recommendation had now been actioned by the Airport and that they would conduct a policy and procedure review on an annual basis.
- 21.9 Councillor Bowkett asked the Head of Audit, Risk and Assurance how long the National Fraud Initiative would continue to work on COVID-19 grants where there had been examples of fraud. In response, the Head of Audit, Risk and Assurance said that he would liaise with the counter fraud team and get back to Councillor Bowkett. The Director of Policy and Resources added that all grants had been checked for fraudulent activity which had been reported back to government. He said there were 3 examples of fraudulent activity and for 2 of these, the money had been recovered. The Group Manager (ARA) added that where potential irregularities on Covid-19 grants had been referred to ARA, the Counter Fraud Team had progressed these and reported outcomes to the Committee (in line with report section 3).
- 21.10 Councillor Melvin highlighted the excellent work that the Intelligent Client Officer (Revenues and Benefits) and her team had put in to ensure that COVID grants were checked and provided to residents and businesses in a timely fashion. She added that she was proud that Gloucester City Council had queried central government when issues were identified.

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21.11 The Chair noted that he liked the updated format of the Internal Audit Activity Report and that he wished for future reports to keep that format.

21.12 **RESOLVED** that the Audit and Governance Committee

- i. Accept the progress against the Internal Audit Plan 2022/23; and
- ii. Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment (comprising risk management, control and governance arrangements).

22. STATEMENT OF ACCOUNTS 2021/22

22.1 The Director of Policy and Resources provided a verbal update. He stated that the Council were still waiting for the outcome of the consultation and that the accounts for 2021 would not be signed off until that concluded.

22.2 In response to a question from the Chair, the Director of Policy and Resources stated that they had not completed the accounts for 21/22 yet as, they could not produce another set until the accounts for 2021 were signed off.

22.3 In response to a question from the Chair regarding Deloitte's position, the Director of Policy and Resources replied that they would commence their Auditing work in October, that they were building the ledger now and would produce a set of accounts.

22.4 The Chair asked whether the general ledger was almost up to date. In response, the Director of Policy and Resources said that the general ledger up to March was almost complete. He added that debtors were now raising live invoices through the system and that he hoped that these could be reconciled quickly.

22.5 The Chair summarised by stating that his understanding was that the issue around the 2021 accounts was the consultation process, and that after consultation they should be signed off. He understood that for the 2021/22 accounts, the challenge was in getting the ledgers up to date. The Director of Policy and Resources noted that for the 2021/22 accounts, they were still planning on meeting the statutory deadlines for them to be signed off, though this would require a lot of work.

22.6 In response to a question from the Chair regarding when the consultation process would be complete so that the 2021 accounts could be signed off, the Director of Policy and Resources responded that the consultation progress was meant to conclude in June of this year.

22.7 **RESOLVED** that the Audit and Governance Committee **NOTE** the verbal update.

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23. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that:

The press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of this item there will be disclosure to them of exempt information as defined in Schedule 12A (para. 3) of the Local Government Act 1972 as amended.

24. IT SYSTEMS UPDATE

RESOLVED as per the exempt minutes

25. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

25.1 The Chair noted that an update on the Internal Audit Activity Progress Report and the Appointment of an Independent Member needed to be added to the agenda for the next meeting of the Committee.

25.2 Councillor Norman highlighted that there was an error with the dates for the next three Committee meetings on the Work Programme and asked for this to be corrected.

25.3 **RESOLVED** that: - The Audit and Governance Committee **NOTE** the work programme.

26. DATE OF NEXT MEETING

Monday 14 November at 6.30pm in the Civic Suite, North Warehouse.

Time of commencement: 6.30 pm hours

Time of conclusion: 7.11 pm hours

Chair