



## **AUDIT AND GOVERNANCE COMMITTEE**

**MEETING** : Monday, 8th March 2021

**PRESENT** : Cllrs. Wilson (Chair), Bowkett, Hampson, Lugg, D. Norman, Patel and Toleman

### **Others in Attendance**

Corporate Director and Monitoring Officer  
Head of Policy and Resources  
Accountancy Manager  
Group Manager, Audit, Risk and Assurance  
Principal Auditor (ARA portfolio lead for Gloucester City Council)  
Democratic and Electoral Services Team Leader

**APOLOGIES** : Cllr. Brooker

### **49. DECLARATIONS OF INTEREST**

49.1 There were no declarations of interest.

### **50. MINUTES**

50.1 The minutes of the meeting held on 18 January 2021 were confirmed as a correct record.

### **51. PUBLIC QUESTION TIME (15 MINUTES)**

51.1 There were no public questions.

### **52. PETITIONS AND DEPUTATIONS (15 MINUTES)**

52.1 There were no petitions or deputations.

### **53. TREASURY MANAGEMENT STRATEGY 2021/22**

53.1 The Committee considered the report of the Cabinet Member for Performance and Resources that sought Members to formally recommend

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approval of the Treasury Management Strategy, prudential indicators and notes the Treasury activities.

The Head of Policy and Resources summarised the report. He advised Members that the strategy continued operating in an under-borrowed position.

53.2 In response to a query from the Chair, the Head of Policy and Resources clarified that the Minimum Revenue Provision related to funds which are specifically allocated so that the Council could service any future debt.

53.3 **RESOLVED that:-** The Audit and Governance Committee **NOTE** the report.

**54. CAPITAL STRATEGY 2021/22**

54.1 The Head of Policy and Resources introduced the report and outlined that it was in order to inform Members of the Council's position on its Capital Programme in line with its priorities. He explained that the report detailed key investment projects and how they would be funded.

54.2 Councillor D. Norman highlighted his view that the strategy should be monitored and reviewed annually and given its contents, the report presented a positive outlook.

54.3 The Chair praised the accessible nature of the document and asked if the VAT shelter came from the stock transfer to Gloucester City Homes. The Head of Policy and Resources confirmed that this was the case.

54.4 **RESOLVED that:-** The Audit and Governance Committee **RECOMMEND to Council** that the Capital Strategy be approved.

**55. RISK MANAGEMENT ANNUAL REPORT**

55.1 The Group Manager for Audit, Risk and Assurance (ARA) outlined the report and confirmed risk management actions completed over the course of the year. She further confirmed that the report contained planned actions for 2021-22. The report also contained the Strategic Risk Register.

55.2 In response to a query from the Chair regarding risks associated with IT infrastructure, the Head of Policy and Resources confirmed that the work on IT had been completed and the server move had taken place.

55.3 **RESOLVED that:-** Audit and Governance Committee

(1) Notes and endorses:

- The risk management arrangements in place for the past year (2020/21); and
- The planned risk management arrangements for 2021/22.

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- (2) Agrees that on the basis of the information set out in this report, it can be concluded that arrangements for managing risk within the Council are sound.

**56. INTERNAL AUDIT - QUARTERLY PROGRESS REPORT**

- 56.1 The ARA Group Manager outlined internal audit's activity across the quarter as well as the inclusion of an update on counter fraud work undertaken. She highlighted two outcomes of audit work. One was in relation to the Building Control Shared Partnership which represented a positive direction of travel follow a limited assurance review. The other was lost income, fees and charges claim. This represented the second claim and again represented a positive outcome.
- 56.2 The Chair asked how much resource was being taken up with regard to the audit on lost income, fees and charges claims. The Group ARA Manager advised that it took a number of days owing to it being an unanticipated area of work. Through the revised Internal Audit plan, however, some audit streams had been deferred which had offset the resource required for the claims reviews.
- 56.3 In response to a query from Councillor Patel regarding providing greater clarity on what audit streams referred to specifically, the ARA Group Manager confirmed that for future papers, a link would be provided to relevant background documents.
- 56.4 **RESOLVED that:-** The Audit and Governance Committee
- (1) Accept the progress against the Revised Risk Based Internal Audit Plan 2020/21; and
- (2) Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date.

**57. INTERNAL AUDIT PLAN 2021-22**

- 57.1 The ARA Group Manager outlined that the plan for 2021/22 had been drawn up in consultation with Senior Managers, the wider ARA team and Members throughout the year. It contained a number of planned council wide reviews. She also highlighted that the plan included relevant Covid-19 risk themes which had not been covered in 2020/21.
- 57.2 The ARA Group Manager also highlighted that the plan included the audit priority rating and that these definitions were applied consistently across the document. She also confirmed that ARA would provide 550 audit days to the City Council in line with the previous year.

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57.3 The Chair noted that some matters had been deferred due to home working and queried whether the plan was drawn up on the assumption that working practices would return to something approaching pre-pandemic levels. The Principal Auditor confirmed that matters that were in the plan reflected current risks and that it was a dynamic document which could well change.

57.4 **RESOLVED that: - The Audit and Governance Committee**

(1) Agree that the Internal Audit Plan for 2021/22 reflects the risk profile of the Council; and

(2) Approve the Internal Audit Plan 2021/22 as detailed in **Appendix 1**.

**58. EXTERNAL AUDIT PLAN 2020-21**

58.1 A representative from the Council's external auditors, Deloitte, presented the report and provided assurance that materiality had been calculated on a consistent basis in line with previous year as the overall risks to the Council were not perceived to have changed.

58.2 The representative from Deloitte also brought to Members' attention significant risks which would be the focus of audit testing through the year. These were completeness of creditors, overall management controls and property valuations. She also noted that Deloitte were mandated to carry out a fraud risk audit, usually relating to revenues but that this risk had been rebutted and it was more appropriate to focus on expenditure. She further highlighted that a full property valuation covering all assets would take place.

58.3 In relation to property valuations, Councillor D. Norman asked whether the valuation would remain live and whether it would be revisited throughout the year. The Deloitte representative advised of the requirement to have a fair valuation of the property at a point in time. It was also a requirement for the Council to hold the assets at fair value. Whilst this was the case, the valuation would be revisited on an annual basis.

58.4 Responding to a query from the Chair, the representative from Deloitte confirmed that completeness of creditors and management override audits were standard practice and were not risks specifically identified as areas of concern for this Council.

58.5 **RESOLVED that:-** The Audit and Governance Committee **NOTE** the External Audit Plan.

**59. ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE**

59.1 The Chair outlined the report and provided a summary of work through the year and thanked all officers for their work in a particularly challenging year.

59.2 **RESOLVED that: - The Audit and Governance Committee** agreed the Audit and Governance Committee Annual Report 2020/21

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**60. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

60.1 It was noted that this was the last meeting of the Civic year and that a new work programme would be circulated prior to the next Committee meeting.

**61. DATE OF NEXT MEETING**

Monday 19 July 2021 at 6.30pm in the Civic Suite, North Warehouse.

**Time of commencement: 6.30 pm hours**

**Time of conclusion: 7.20 pm hours**

**Chair**