



## **AUDIT AND GOVERNANCE COMMITTEE**

**MEETING** : Monday, 16th November 2020

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

### **Others in Attendance**

Corporate Director  
Head of Policy and Resources  
Accountancy Manager  
Audit Risk Assurance (ARA) Group Manager  
Democratic and Electoral Services Team Leader  
Democratic and Electoral Services Officer

**APOLOGIES** : Cllr. Hampson

### **27. DECLARATIONS OF INTEREST**

27.1 There were no declarations of interest.

### **28. MINUTES**

28.1 The minutes of the meeting held on 14 September 2020 were confirmed as a correct record subject to the following correction:

that Councillor D. Norman be recorded as having sent apologies and Councillor Lewis be recorded as present as substitute for Councillor D. Norman.

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

29.1 There were no public questions.

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

30.1 There were no petitions or deputations.

### **31. STATEMENT OF ACCOUNTS AND ANNUAL AUDIT LETTER 2020/21**

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31.1 The Chair expressed his disappointment that the Annual Audit Letter had been delayed so that the Statement of Accounts could not yet be finalized. He asked the Head of Policy and Resources to update Members.

31.2 The Head of Policy and Resources reported that there were three outstanding tasks for the external auditors to complete: review the pension fund audit opinion, complete the technical audit of the Kings Walk file and receive the independent review of the audit file. He anticipated that the Annual Audit Letter would be produced within a week and proposed that the Chair and himself sign off the Statement of Accounts then.

31.3 The Chair sought reassurance that the delay had been with the external auditors rather than the finance team in the production of accounts. The Head of Policy and Resources confirmed that the accounts had been ready since July 2020 and that he foresaw no problems.

31.4 **RESOLVED** that:

(1) the Statement of Accounts and the Annual Audit Letter be received in due course and;

(2) the Chair and Head of Policy and Resources are delegated to approve and sign the Statement of Accounts subject to any changes.

**32. TREASURY MANAGEMENT PERFORMANCE 2020/21 SIX MONTHLY UPDATE**

32.1 The Head of Policy and Resources outlined the key features of the report.

32.2 The Chair asked if the references in the report to Credit Default Swaps and financial institutions qualified as '*highly credit rated*' (3.1) indicated increased risk as he was mindful of the use of such terms in the financial crisis of 2008. The Head of Policy and Resources reassured Members that no undue risks were being taken and that nothing different was being done regarding investments.

32.3 **RESOLVED** that the Treasury Management Update Mid Year Report 2020/21 is noted.

**33. INTERNAL AUDIT ACTIVITY 2020/21 - PROGRESS REPORT**

33.1 The Audit Risk Assurance Head (ARA) of ARA summarised the audit activity for the period September and October 2020 and progress against the 2020/21 Revised Risk Based Internal Audit Plan.

33.2 Concerning the key ICT project governance audit activity the Chair asked whether completed projects would also have a post project evaluation undertaken given the large scale of some recent operations. The Head of ARA confirmed that the intention was to undertake the post project evaluations on current and future projects. She stated that the option for

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undertaking these reviews would however be discussed with management and reviews undertaken accordingly, to identify any lessons learnt.

33.3 The Chair sought clarification of the finding of the premises licensing audit activity in that the council was more limited in the information it offers applicants compared to other authorities and enquired if it was to be addressed by recommendations. The Head of ARA noted that this referred to enhanced rather than key information as the current information published by the council was sufficient. It was agreed however that she would establish the additional information that was being published and feedback to the Committee her findings.

33.4 The Chair referred to the daily reconciliation between the Civica purchasing and financials systems described in the accounts payable audit activity findings. He queried whether this was a necessary use of resources. The Accountancy Manager confirmed that it was not a big task and consisted of the external systems team balancing the two modules of a single system rather than reconciling separate systems.

33.5 Regarding the Summary of Special Investigations the Chair asked what the single on-going case concerned. The Head of ARA replied that it was a potential irregularity with a business grant which could not be discussed in the public domain.

33.6 **RESOLVED** that:

(1) the progress against the Revised Risk Based Internal Audit Plan 2020/21 is accepted; and

(2) 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 is accepted.

**34. STRATEGIC RISK REGISTER UPDATE**

34.1 The Audit Risk Assurance (ARA) Head of ARA presented the Strategic Risk Register (SRR). She reminded Members that it was owned by the Senior Management Team (SMT) and had been signed off by them on 6<sup>th</sup> October 2020. The Head of ARA further advised that some risks such as COVID-19 and BREXIT were considered within other risks rather than separately.

34.2 The Chair asked whether the strategic benchmarking exercise (3.8) had been the first of its kind. The Head of ARA confirmed that although Zurich Municipal had conducted a review last year, this was the first such exercise since ARA had taken on the lead in supporting SMT to manage risk.

34.3 The Chair queried whether the reduced strategic Risk Scores (3.7) had resulted from the introduction of mitigation measures or benchmarking. The Head of ARA stated that mitigation measures were responsible for bringing

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the inherent Risk Scores down but advised Members that these were still considered high inherent risk areas.

34.4 The Head of Policy and Resources reminded Members that the SRR was a live document under constant review. He further advised that risk SSR1.10, loss of services for a significant period due to failure and limited capacity of IT and infrastructure, had a score of 8 because it had been assessed before the move of all council operations away from the Herbert, Kimberley and Philpotts Warehouse offices and that in future SRRs the score was expected to be lower.

34.5 **RESOLVED** that the Strategic Risk Register is noted and endorsed.

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

35.1 The Committee considered the Work Programme.

35.2 **RESOLVED** that the Work Programme is noted subject to receipt of the Statement of Accounts and Annual Audit Letter.

**36. THE AUDIT RISK ASSURANCE (ARA) HEAD OF ARA**

36.1 The Chair noted that this was the last meeting to be attended by the current Audit Risk Assurance (ARA) Head of ARA and on behalf of the Committee thanked her for the experience and expertise she had brought to it over the years.

36.2 Councillor D Norman informed Members of his positive experiences with the Head of ARA at both the City and County Councils. He reiterated his gratitude to the Head of ARA for her professionalism and wished her every success in the future.

36.3 On behalf of the officers present, the Corporate Director thanked the Head of ARA for almost forty years' service and especially for rightfully challenging them with independent and constructive advice.

36.4 The Head of ARA expressed her appreciation to the Committee and officers for their support and commented that it had been a pleasure to work with them.

**37. DATE OF NEXT MEETING**

18 January 2021 at 6.30pm

**Time of commencement: 6.30 pm hours**

**Time of conclusion: 7.05 pm hours**

**Chair**