



## **AUDIT AND GOVERNANCE COMMITTEE**

**MEETING** : Monday, 16th January 2023

**PRESENT** : Cllrs. Wilson (Chair), Gravells MBE (Vice-Chair), Ackroyd, Brooker, Bowkett, Patel, Durdey and Pullen

### **Others in Attendance**

Cllr. Norman, Cabinet Member for Performance and Resources (ex-officio)

Director of Communities  
Director of Policy and Resources  
Monitoring Officer  
Head of Audit, Risk and Assurance  
Financial Services Manager  
Accountancy Manager  
Group Manager, Audit, Risk and Assurance  
Principal Auditor, Audit, Risk and Assurance  
Democratic and Electoral Services Team Leader

**APOLOGIES** : Cllr. Melvin

### **37. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **38. MINUTES**

Save for an amendment to be made to the minutes of the meeting held on 18 November 2022, the minutes were agreed as a correct record.

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

There were no public questions.

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

There were no petitions nor deputations.

### **41. INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2022/23**

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- 41.1 The Head of Audit, Risk and Assurance (ARA) introduced the report outlining recent internal audit activity. Regarding the audit concerning expenditure, she confirmed that assurance was not required. In respect of counter-fraud activity, the Group Manager informed Members that just one matter had been referred to ARA and provided an update against the Internal Audit plan.
- 41.2 The Chair noted the outcome of the audit concerning Blackfriars Priory and that a good return had been provided from the Trust. Confirmation was provided that the Free Hospital Fund for Children had itself sought internal audit involvement and that any future issues identified were for the Trust itself to resolve.
- 41.3 In respect of counter-fraud activity and the need for the Council to upload data to the National Fraud Initiative, the Chair asked what loss could be suffered if this was not possible. The Group Manager advised that if it was possible but according to a different time scale, this would satisfy the Cabinet Office. She further advised that if it was not possible at all, there could be a loss incurred.
- 41.4 Councillor Pullen noted reference to a 'Newton Hearing' in respect of a counter-fraud case and sought clarity on what this meant. The Group Manager advised that such a hearing occurred where, despite a guilty verdict or plea, factual issues remained to be resolved ahead of sentencing.
- 41.5 With regard to the audit plan, the Chair noted that some planned audits were due to be carried forward. The Group Manager confirmed this and that a number were ongoing, some were planned and that Senior Management would be examining the plan in the near future.
- 41.6 A discussion took place regarding the s. 106 Agreements audit (which was exempt from publication) and whether the Committee should enter private session. The Monitoring Officer advised that the exemption had been put in place as it contained information relating to the commercial interests of the Council and should remain private as should discussion of it. The Committee resolved that discussion of the audit would remain public.
- 41.7 The Chair stated that he was concerned by its contents that some funds had not be paid and queried what action would be taken. He specifically queried whether there was a proposal to have a specific individual to reconcile the issues.
- 41.8 The Principal Auditor explained that the software proposed allowed for monitoring checks and controls. The proposals would require a dedicated person to monitor the progress of s. 106 agreements and this would be an important step. Once this dedicated individual had been recruited, the position would be improved considerably.
- 41.9 The Director of Communities confirmed that the full review had commenced and improvements in oversight and monitoring had been identified. She advised that 'hand-offs' would always be necessary (because, as part of the

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process, it was necessary for multiple teams to work on the agreements in sequence) but that this would need streamlining. It was also advised that the relevant job description would need refinement. The ARA Group Manager further advised that there would be an audit follow up which would be reflected in the 2023-4 plan.

- 41.10 Councillor Pullen asked if the process itself was robust or was it a matter of implementation. The Director of Communities stated that there was not currently one person overseeing the entire process. Work within individual teams was effective but it was the 'hand off' process which needed addressing.
- 41.11 In response to a query from Councillor Patel regarding the length of time issues had existed, the Director of Communities advised that a full review had not previously been undertaken and that was what was currently underway. She thanked the ARA team for their support in conducting the review.
- 41.12 Councillor Gravells highlighted the non-political nature of the Audit and Governance Committee and outlined how the audit had come into being, he having been the Cabinet Member for Housing and Planning Strategy at the time. He shared his view that the Committee could be more robust in agenda setting and that Members should pursue issues if they are identified. Councillor Gravells proposed that regular updates be provided to the Committee regarding progress on the matter which was agreed.
- 41.13 With regard to the Chair asking about the potential of lost information, the Financial Services Manager confirmed that all information was available and would be reconciled through the new software which would have records of all payments.
- 41.14 Councillor Pullen noted the recommendation regarding the Planning Committee being provided with half yearly reports on the status of s. 106 agreements and suggested this be made quarterly with which the Committee agreed.
- 41.15 The Committee was informed that this was the ARA Group Manager's last meeting as she was departing the role for a Head of Audit role elsewhere. The Chair commended her for her diligence and considerable abilities in her role and conveyed the Committee's thanks for her years of dedicated service.
- 41.16 **RESOLVED** that:- The Audit and Governance Committee
- i. Accept the progress against the Internal Audit Plan 2022-23;
  - ii. Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment (comprising risk management, control and governance arrangements);
  - iii. That the Audit and Governance Committee receive written updates on the progress of the s. 106 agreements review; and

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- iv. That the Planning Committee be provided with quarterly updates on the status of all s. 106 agreements.

**42. PROGRESS ON THE ANNUAL GOVERNANCE STATEMENT 2021-22 ACTIONS**

- 42.1 The Head of ARA confirmed that progress had been signed off by the s. 151 Officer and that the report took the form of a standard update.
- 42.2 In response to a query from the Chair regarding the reference to the risk of being served a s. 114 notice, the Head of ARA confirmed that this risk was low but it was better to include a positive report on this in the report in order to highlight the low level of risk rather than remain silent about it. He further confirmed that the Council was in a good position and that there was no likely prospect of such a notice being served.
- 42.3 **RESOLVED** that: - The Audit and Governance Committee **NOTE** the report.

**43. STRATEGIC RISK REGISTER UPDATE**

- 43.1 The Head of ARA introduced the report and explained that the ARA team facilitated the production of the Strategic Risk Register. He advised that one high level risk remained despite mitigations in place. He also confirmed that the Council was responsible for owning and managing its risks.
- 43.2 The Chair noted that a benchmarking exercise against other Councils had previously taken place and that the report suggested something needed to be added to this exercise. The Director for Policy and Resources advised that this referred to reviews of how the Council managed risk rather than there being a newly identified risk.
- 43.3 **RESOLVED** that: - The Audit and Governance Committee **NOTE** and **ENDORSE** the Strategic Risk Register.

**44. TREASURY MANAGEMENT STRATEGY - SIX MONTHLY UPDATE**

- 44.1 The Financial Services Manager introduced the report which updated Members on treasury management activity in accordance with the CIPFA Code. He highlighted that there had been a significant increase in interest rates which would impact on the future borrowing requirements of the Council.
- 44.2 In response to a query from the Chair regarding whether the Council was affected by gilt rises, the Financial Services Manager confirmed that the Council did not invest in gilts but would be affected by such rises as they, in turn, affected interest rates.
- 44.3 **RESOLVED** that: - The Audit and Governance Committee **NOTE** the report.

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

- 45.1 The Chair noted that there had previous been an item relating to the appointment of an independent Member to the Committee. The Head of ARA confirmed that the application deadline had passed, that applications had been received and that interviews would be conducted shortly.
- 45.2 In respect of the Annual Audit letter, the Financial Services Manager confirmed that reconciliations had been completed by the external auditor and would be issued shortly.
- 45.3 **RESOLVED** that: - The Audit and Governance Committee **NOTE** the work programme.

**46. DATE OF NEXT MEETING**

Monday 6 March at 6.30pm

**Time of commencement: 6.30 pm hours**

**Time of conclusion: 7.35 pm hours**

**Chair**