



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 11th September 2023

PRESENT : Cllrs. Wilson (Chair), Gravells MBE (Vice-Chair), Bowkett, Brooker, Morgan and Patel.

Others in Attendance

Monitoring Officer
Head of Finance and Resources
Accountancy Manager
Head of Audit Risk and Assurance (ARA)
Group Manager (ARA)
Principal Auditor
Democratic and Electoral Services Team Leader

APOLOGIES : Cllrs. Pullen and Mr Tervet.

16. DECLARATIONS OF INTEREST

There were no declarations of interest.

17. MINUTES

The minutes of the meeting held on 17 July 2023 were agreed and signed by the Chair.

18. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

19. PETITIONS AND DEPUTATIONS (15 MINUTES)

There were no petitions nor deputations.

20. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2022-23

20.1 The Head of Audit, Risk and Assurance (ARA) began by informing the Committee that a new Group Manager had been recruited and was in

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attendance. The Head of ARA provided an outline of work undertaken by the internal audit team throughout the year and thanked them for the endeavours throughout the year. work was carried out in accordance with the Public Sector Internal Audit Standards (PSIAS) 2017 and the CIPFA Local Government Application Note for the UK PSIAS. He also confirmed that there had, overall, been a satisfactory opinion and confirmed that no limitations had been placed on internal audit's work.

- 20.2 In response to a query from the Chair regarding whether the effect of the cyber incident could be considered a restriction, the Head of ARA advised that some audits had been unable to be progressed and that internal audit had assisted the Council through various means including providing resource to progress financial reconciliations. He further confirmed that no information relevant to audits had been lost, 77% of the plan had been undertaken and that this proved sufficient to enable the internal audit team to provide a good level of assurance.
- 20.3 Councillor Morgan asked whether the reference to monitoring recruitment and retention meant that this was identified as a problem for the Council. The Head of ARA clarified that this was in order to highlight a possible risk rather than an actually existing risk.
- 20.4 The Chair conveyed the thanks of the Committee to the internal audit team in what had been a challenging environment.
- 20.5 **RESOLVED that:-** The Audit and Governance Committee
- (1) Assessed, from the findings set out in this Annual Report on Internal Audit Activity 2022/23, whether it can take reasonable assurance that the internal control environment, comprising risk management, control and governance is operating effectively;
 - (2) Note that the performance of Internal Audit meets the required standards; and
 - (3) Note the Council wide counter fraud activity during 2022/23 which includes the fraud reporting requirements as mandated by the Local Government Transparency Code 2015.

21. ANNUAL REPORT ON COUNTER FRAUD ACTIVITY

- 21.1 The Head of ARA outlined counter fraud activity for the year and clarified that, in previous years, such information was contained within the Internal Audit report. Having it as a stand lone report provided greater focus on counter fraud activity. In response to the Chair asking for clarification on what was the definition of an 'irregularity' the Head of ARA confirm that some matter could be incorrect but not necessarily fraudulent (e.g. human error in reporting). He also clarified that some fraudulent activity was non-financial and that some of ARA's work was preventative.
- 21.2 **RESOLVED that:-** The Audit and Governance Committee

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- i. Assessed, from the report's high level workstreams and the progress against the 2022/23 Action Plan, that it could take reasonable assurance that the Counter Fraud Team is operating effectively;
- ii. Note that £3,444 was recovered in-year. This includes monies relating to prior years' fraud investigations; and
- iii. Note the Council's compliance with local government 'Annual Fraud Transparency Data' 2022-23 reporting.

22. INTERNAL AUDIT ACTIVITY 2023/24 - PROGRESS REPORT

22.1 The Head of ARA advised that much of Internal Audit's work was currently in progress given the point of the year that the meeting was taking place.

RESOLVED that:- The Audit and Governance Committee accept the progress against the internal Audit Plan 2023/24.

23. AUDIT PLAN - 2021/22 STATEMENT OF ACCOUNTS'

23.1 The External Auditor confirmed that the Plan was for 2021/22 Year End and was due to commence shortly. It was anticipated that it would be completed by the end of the calendar year. It may have been the case that the cyber incident had an impact on progressing the plan, but it would not be known until the testing started.

23.2 In the External Auditor's view, there were two significant audit risks which in and of themselves were not unusual. The first being management override, and the second being capital expenditure. The External Auditor's focus would be on property valuations and the council's pensions liability. Both materiality and value for money would also be examined within the External Auditors report, and they would also have a specific focus on the cyber incident and its impact. The External Auditor provided further details to Members on what constituted materiality.

23.3 In response to a query from the Chair about timelines, the External Auditor confirmed that their report would be available by the January Committee meeting.

23.4 The Head of Finance and Resources outlined that the Government had introduced new backstop deadlines for the submission of accounts. These were for 2021/22, 31st March 2024 and for 2022/23 these would be 30th September 2024. He confirmed that these were final deadlines and if they were to be missed, the accounts would be considered inaccurate which would therefore create difficulties in receiving a qualified opinion from the External Auditors.

RESOLVED that:- The Audit and Governance Committee **NOTE** the Audit Plan 2021-22.

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24. S. 106 AGREEMENTS - UPDATE

24.1 The Head of Finance and Resources outlined that ARA had brought it to the council's attention and provided associated background information. He further stated that in the process of implementing agreements, five had reached their expiration point. Management were reviewing all agreements and when income had been received. He further confirmed upon a query from the Chair that there was confidence that the total figure was accurate, but it required calculating which project it was relevant to.

24.2 Councillor Gravells asked that further detail be provided at the next Committee meeting and the Head of Finance and Resources advised that the examination taking place currently was 'line by line' and that it would be preferable to have accurate information rather than inaccurate but speedy updates. He also confirmed that the five agreements which had been previously raised would be resolved by the next Committee meeting.

RESOLVED that:- The Audit and Governance Committee **NOTE** the progress update.

25. TREASURY MANAGEMENT - QUARTERLY UPDATE

25.1 The Head of Finance and Resources introduced the report and advised Members that it was as a result of recent CIPFA recommendation. It outlined finances for expenditure that no new long term borrowing had taken place and what the current rates of interest were.

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

26. LOCAL GOVERNMENT OMBUDSMAN - RECENT FINDING

26.1 The Monitoring Officer outlined the key recommendations within the report and confirmed that all actions had been completed. Upon advice, she confirmed that processes were being reviewed in respect of how the council would deal with business to business complaints.

26.2 The Chair noted that the Ombudsman had examined the matter in significant detail which was of benefit to the council.

26.3 Councillor Patel queried what residents could do to raise complaints and if figures could be obtained as to how many had been made over the past 12 months. He also asked whether work could be done to improve this. The Monitoring Officer acknowledged the question and agreed that she would seek to get figures on this matter.

26.4 Councillor Gravells expressed his displeasure at the outcome and requested whether there could be a retrospective examination in order to examine whether a similar incident had occurred previously. The Monitoring Officer advised that this had been examined and that there had been no previous cases.

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

27. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

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

28. DATE OF NEXT MEETING

Monday 13th November 2023 at 6.30pm in the Civic Suite, North Warehouse.

Time of commencement: 6.30 pm hours

Time of conclusion: 7.30 pm hours

Chair