

## **Audit Committee – 28 September 2021**

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Minutes of the meeting of the **Audit Committee** held on **28 September 2021** when there were present:-

Chairman: Cllr Mrs L A Butcher

Vice-Chairman: Cllr P J Shaw

Cllr Mrs T L Carter

Cllr R R Dray

Cllr Mrs E P Gadsdon

Cllr J N Gooding

Cllr Ms T D Knight

Cllr R Milne

Cllr G W Myers

Cllr Mrs L Shaw

### **VISITING MEMBERS**

Cllr M Hoy

### **OFFICERS PRESENT**

N Lucas

- Assistant Director, Resources

J Kevany

- Principal Auditor

S Worthington

- Principal Democratic & Corporate Services Officer

W Szyszka

- Democratic Services Officer

### **152 MINUTES**

The Minutes of the meeting held on 27 July 2021 were approved as a correct record and signed by the Chairman.

### **153 AUDIT PROGRESS REPORT**

Members considered the report of the Assistant Director, Resources on the Internal Audit Update report which outlined the progress made against the annual audit plan and actions taken by Service departments in implementing audit recommendations for 2021/22.

The Chairman highlighted to the Committee a correction in the title of the report which should read as '2021/22'.

In response to a Member question regarding the Chief Audit Executive being provided by Basildon Borough Council and whether Rochford District Council is charged for the service, and if so, how much and whether the staffing is viable and sufficient, officers advised that this arrangement had been in place for over three years and was originally implemented as Rochford District Council did not have a suitable candidate for the role; the arrangement was the best solution to provide the Council with the necessary expertise. Officers further clarified that the cost was around £13,000 to £15,000 per annum, depending on the time spent. It provided sufficient resource in respect of the necessary assurance for the Annual Audit Option.

Responding to a Member query with regard to the Complaint Handling audit, as to how departments respond to customer complaints and what kind of work had been done to improve this, officers advised that the Customer Services Team had been working on these improvements since April 2021 to ensure targets were realistic and achievable. It was also queried whether Members would have access to any complaint handling information and whether this was recorded to ensure there was a record kept as evidence. Officers advised that the Customer Services currently used a spreadsheet to log complaints; however, the new Customer Relationship system that the Council would be introducing should streamline the process and make it more efficient.

Members raised a question as to whether complainants received an electronic receipt of acknowledgment upon sending the complaint to Customer Services. Officers advised Members that a new Customer Services Charter was being finalised, the details of which would be shared with Members in due course. Officers further clarified that email acknowledgments were considered as part of this, with some departments already sending out automatic responses.

Another Member made an enquiry relating to the single asset register, referenced on page 6.18 in Appendix 4. It was questioned whether there was already an asset register in place. Officers advised Members that there was currently a spreadsheet asset register, with a single land registry number used as a unique reference point; however, different teams had their own local records to support this. For instance, the Finance department held different information in comparison to Asset Management or Legal. Officers advised that in future the intention was to procure a digital solution and that a Business Case would be submitted to Members for approval in due course, which would assist in ensuring that all assets were accurately recorded.

Members queried whether the Council conducted regular audits of assets within the district. Officers responded that there were different levels of control in place and the first line of control was the Asset Management team who maintained their own inspection record with the frequency of inspection determined on a risk assessed basis. Internal Audit provided a second line of control by reviewing inspection arrangements periodically to ensure they were fit for purpose.

In response to a question relating to the Insurance Audit detailed on page 6.18 of the report whether the revised end date of March 2021 was correct, officers responded that this should state '2022'. Members further queried the level of compliance with audit recommendation deadlines and how frequently they could expect updates on this. Officers clarified that if the deadlines couldn't be met, this was reported to the Audit Committee in the next available report. Several delayed recommendations were linked to the Constitution Review which was yet to be completed. Generally speaking, it was not ideal to push back recommendation dates, however, there were occasionally wider factors that must be considered; recommendations were actively chased up if they were not being met.

### Resolved

- (1) That the update on delivering the 2021/22 Audit Plan be noted.
- (2) That the conclusions and results from completed audit engagements in Appendices 2 and 3 be noted.
- (3) That the updated status of audit recommendations in Appendix 4 be noted. (ADR)

### **154 ARRANGEMENTS TO APPOINT EXTERNAL AUDITORS FROM 2023/24**

Members considered the report of the Assistant Director, Resources to seek the Audit Committee's recommendation to Council to opt into the appointing persons arrangement made by the Public Sector Audit Appointments (PSAA) for the Council's external auditor appointment for the accounting periods 2023/24 – 2027/28.

Responding to a Member question regarding the auditors appointed by PSAA, officers advised that PSAA had several different auditors working with them, which were predominantly big accounting firms such as EY LLP. One of the aspects PSAA had considered was the opportunity to appoint smaller and more local firms. However, there was a certain scale that was required since local authorities were quite complex organisations. It was therefore more appropriate to work with larger firms which could provide the level of expertise appropriate for a local authority.

Another Member questioned whether the Council possessed contact details for the Council's present auditors, and further queried whether residents could contact the auditors, and if so, in which format. Members further questioned whether best value for money was considered when the audit was carried out. Officers advised that the Council did have contact details for the present auditors and remained in contact with them throughout the year. With regard to residents contacting the auditors, this would depend on the nature of the query. For instance, officers advised that draft accounts were open to public inspection during a certain timeframe where these could be viewed. General queries should be directed through the Assistant Director, Resources. Furthermore, each year, the auditors considered value for money arrangements as part of the audit process itself.

In response to a Member question regarding which options were being considered by Brentwood Borough Council, officers advised Members that they were not in a position to confirm, but most Essex LAs had confirmed their intention to continue to opt into the PSAA arrangements.

A Member queried whether there was a league table of auditors and whether auditors could be rejected if they weren't able to provide service within an agreed timeframe. It was further queried whether there were any penalties for failing to produce an audit to a timescale or whether the audit fees could be reduced as a result. Officers confirmed that there were currently no league

tables for audit firms. The issues currently experienced by the Council were the same across other authorities due to the lack of audit resource and the increasing complexity of the accounts and audit process. Furthermore, if the Council was not happy with the service provided, it was PSAA who were initially contacted. If the Council believed that the auditors had not fulfilled their contractual obligations to the best of their ability, representations would be made to PSAA. Officers highlighted that if the issues related to factors outside of the control of the audit firms, it would not be seen as a legitimate reason to change the auditor, although it might be possible in some circumstances.

Members further queried whether it was possible to set more realistic dates for external audit completion. Officers advised that efforts had been made to ensure that external audit deadlines were being met; however, it was unlikely that they would meet the statutory deadline for this year, but that had been made transparent to the Committee earlier in the year. The normal audit dates were for draft accounts to be published by the end of May and audited accounts signed off by the end of July; however, government had extended this year's deadline to the end of September 2021 to account for COVID-19 related pressures. Currently the intention was to take the audit report to the November Audit Committee meeting. This would nevertheless be kept under review and it was possible that the meeting date might have to be delayed. The auditors would commence their work in early October and would inform the Council of any changes to this timescale as soon as practicable.

### **Recommended to Council**

That the Council opts into the proposed central arrangements for appointing external auditors for the accounting period 2023/24 – 2027/28. (ADR)

(8 Members voted for the recommendation, 0 voted against, 0 abstained.)

The meeting closed at 8:15 pm.

Chairman .....

Date .....

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