

Audit Committee – 26 November 2019

Minutes of the meeting of the **Audit Committee** held on **26 November 2019** when there were present:-

Chairman: Cllr Mrs L A Butcher
Vice-Chairman: Cllr D Merrick

Cllr T G Cutmore
Cllr M Hoy
Cllr M J Lucas-Gill

Cllr R Milne
Cllr J E Newport
Cllr P J Shaw

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Mrs T L Carter, Mrs L Shaw and D J Sperring

SUBSTITUTES

Cllr Mrs D L Belton - for Cllr D J Sperring

OFFICERS PRESENT

N Lucas - Assistant Director, Resources
M Porter - Chief Audit Executive
J Kevany - Principal Auditor
S Worthington - Democratic Services Officer

217 MINUTES

The Minutes of the meeting held on 21 May 2019 were approved as a correct record and signed by the Chairman.

218 AUDIT PROGRESS REPORT

The Committee considered the report of the Assistant Director, Resources providing an update on the work of the Internal Audit team in terms of progress made against the annual audit plan and actions taken by service departments in implementing audit recommendations.

Responding to a Member question on procedures relating to cash transactions, other than car park income, in respect of audit engagement report 8 on page 6.21 of the officer report officers advised that procedures were tested to verify that they were robust, rather than ad hoc; results of testing were satisfactory and the cash amounts involved were small.

In response to a Member question as to whether all audit work detailed in the annual audit plan could be completed with the current staffing level in Internal Audit, officers advised that the majority of the plan could be completed with the current staffing resource, which was appropriate for a local authority of this size.

Officers advised, in response to a question relating to the anti-virus software issue for the computer used to access the Web Enabled Enquiry System in respect of abandoned vehicles detailed on page 6.36 of the officer report and whether a light touch review of IT could be undertaken, that the DVLA had tight security requirements over and above usual service/network requirements. Officers further confirmed that the in-house ICT infrastructure had been reviewed again by an external third party and a report was expected imminently. In this particular instance it was not perceived that an IT audit would have necessarily identified this particular issue; individual system users should identify any such problems.

Responding to a further Member query as to whether a review of IT software had been conducted, officers confirmed that this had been done as part of the Office 365 migration and a copy has been requested that would be used to inform an ICT finance review that would be undertaken during this year.

Officers affirmed, in response to a Member question about the annual audit plan, that any changes to the plan should be presented to the Audit Committee for consideration.

Responding to a Member query relating to housing benefits overpayments detailed on page 6.26 of the report, officers observed that these were generally as a result of officer error or failure of claimants to advise of changes of circumstances which led to errors in payment dates. Officers advised, in response to a further question relating to how the value of such overpayments compared to other local authorities, that details would be reported to the Committee in March.

In response to a Member question relating to revisions to implementation dates for audit recommendations detailed on page 6.28 of the report in respect of performance and risk management, officers stated that the risk e-learning course had just been tested and would be rolled out to officers soon.

Officers confirmed that all recommendations within appendix 4 marked as deleted had been completed. Officers provided the following further updates on audit recommendations in appendix 4:-

- a contract for the HR agency recruitment framework detailed on page 6.31 was expected to be awarded on 7 December.
- the 'Selling to the Council' page on the Council website referred to on page 6.34 was expected to be updated by the end of the week.
- the abandoned vehicles operational system detailed on page 6.36 had been updated.

Resolved

- (1) That the update on delivering the 2019/20 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)

219 REVIEW OF THE COUNCIL'S RISK MANAGEMENT AND REGISTERS FOR 2019/20

The Committee considered the report of the Assistant Director, Resources providing a six-month review of the Council's corporate risk register (CRR) for 2019/20.

In response to a Member question relating to an asterisk after the quality of controls column in the appended register, officers advised that this related to a footnote that had been lost in printing.

Officers advised, in response to a question relating to risk 5 – Council-held data, that the residual risk relating to data would never be low; however, the likelihood of this occurring was low.

Responding to a Member concern that the quality of controls for risk 3 b – serious health and safety incident, had not improved since the last update, officers emphasised that there had been progress in terms of controls in place including policies and procedures; however, more assurance was needed around consistent application across the Council. This should improve before the next review; a report would come to the March meeting. A Member observed that there had been a fire drill at the Civic Suite on 5 November.

In response to a Member question about the management of risk 10 – staff recruitment/retention, officers confirmed that the risk rating applied was a realistic one as there were limitations on managing this risk, given that some issues were outside the Council's control. The Council was working with individual departments to address this issue in the context of its People Plan, Business Plan and transformation strategy. Exit interviews were conducted when staff left. It was emphasised that there were national staff shortages for areas including planning and audit which presented particular difficulties for smaller authorities with limited pay structures and progression prospects.

Resolved

That the content of the corporate risk register for 2019/20 be noted. (ADR)

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Before the close of meeting, officers advised that the external auditors, EY, had still not completed their testing of the financial statements for 2018/19 and had not yet submitted their report to the Council. A discussion would take place with them the following day and a decision made by the end of the week as to whether the Audit Committee meeting delayed from July and now scheduled for 5 December would still take place. There were a number of other local authorities whose accounts for 2018/19 had also not been audited. Officers were continuing to raise concern around this delay, which was not the fault of this Council. A letter had been sent to PSAA expressing concern with the delay, a copy of which had been circulated to Members. It was emphasised that the unaudited accounts had been uploaded to the Council website within the prescribed deadline and responses had been provided to all EY questions on the accounts. A statement accompanied the financial statements on the Council website, which complied with statutory requirements, explaining that the audit of the accounts had been delayed.

The meeting closed at 8.11 pm.

Chairman

Date

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