

Minutes of a meeting of the Audit and Governance Committee

At 2.00 pm on Monday 12th June, 2023 in the
Council Chamber, The Cube, George St, Corby NN17 1QG

Present:-

Members

| | |
|--------------------------------------|---------------------------|
| Councillor Andrew Weatherill (Chair) | Councillor Jonathan Ekins |
| Councillor Ian Jelley | Councillor Paul Marks |
| Councillor Anne Lee | Councillor Bert Jackson |
| Councillor Richard Levell | Councillor Valerie Anslow |

Officers

| | |
|---------------------|---|
| Janice Gotts | Executive Director of Finance and Performance (S151 Officer) |
| Claire Edwards | Assistant Director of Finance and Accountancy |
| Rachel Ashley-Caunt | Chief Internal Auditor |
| Dean Mitchell | Chief Accountant |
| Colin Foster | Chief Executive – Northamptonshire Children’s Trust (NCT) |
| Andrew Tagg | Director of Finance – Northamptonshire Children’s Trust (NCT) |
| Elizabeth Jackson | Ernst & Young – External Audit |
| Ciaran McLaughlin | Grant Thornton – External Audit |
| Callum Galluzzo | Democratic Services |

Councillor Lloyd Bunday, Portfolio Holder for Finance and Transformation also attended the meeting.

108 **Apologies for non-attendance**

Apologies for absence were received from Councillor Cedwien Brown.

It was noted by members that Councillor Bert Jackson was present as a substitute.

109 **Members' Declarations of Interests**

The chair asked members to declare any interests on items present on the agenda.

No declarations were registered.

110 **Minutes of the meeting held on 24th April 2023**

Members received a summary which sought to update members as part of the Internal Audit Progress Report including timings on housing repairs.

It was heard that The Housing Strategy for North Northamptonshire Council was on the Housing Service Plan for completion in March 2024 following the appointment Director of the Assistant of Strategic Housing, Development and Property Services. It was also noted that an interim Housing Strategy Lite had been produced as an interim measure.

Members requested that a regular update be provided to the Audit & Governance committee.

RESOLVED That the minutes of the meeting of the Audit and Governance Committee held on 20th February 24th April 2023 be approved as a correct record and signed by the chair

111 **Audit Results Update**

Elizabeth Jackson, Ernst & Young – External Audit attended the meeting and provided a report to the committee which looked to outline the interim audit results.

It was noted by the committee that since the previous update in February that there was no change in any of the materiality or performance materiality or the audit differences threshold at £1.1 Million. £500,000 and £50,000.

Members noted that auditors had identified a large number of errors in the accounts and within the sample testing which would have resulted in significant amendments to the current version of the accounts. As a result, it was noted auditors were unable to conclude on the value of these errors as further information was required.

Sample testing was in progress and had to extend a number of samples due to the level of error within the evidence provided to support the item of account. As a result, work was still ongoing and final agreed adjusted and unadjusted differences will be reported as part of the final reporting procedures upon completion of the auditors work. The main areas requiring completion included:

- Property, Plant & Equipment (PPE) including investment property
- Debtors
- Cash
- Creditors
- Provisions
- Leases
- Pension Scheme Liabilities
- Reserves
- Income and Expenditure
- Grant income (including Covid grants)
- Other disclosures

Members heard that there were a number of areas where we are yet to be able to conclude on whether the accounts were materially fairly stated as the testing was in progress. It was noted that the auditors continued to work with management to be able to conclude on the 2020/21 accounts based on the level of information and supporting evidence that has been provided to date. It was then heard that the auditors had agreed a number of amendments to the 2020/21 accounts based on the work and from this the auditors had been able to conclude and set out in the report.

It was noted that the 30th July would be the likely date for the issuing of the completed Audit Report.

Following debate it was:

RESOLVED That the audit update be noted.

112 **Statement of Accounts 2020-21 (Corby Borough Council)**

Members received a report which sought the approval of the draft Statement of Accounts for the financial year 2020/21 for the Corby Borough Council subject to the conclusion of the audit and that there were no material adjustments that impact on the Council's usable reserves. The report also sought to seek that adjustments required to the draft Statement of Accounts in relation to Corby Borough Council be delegated to the Chair of Audit & Governance, in consultation with the Councils Executive Director of Finance & Performance.

Members raised concerns regarding the possible premature nature of the approval of the current statement of the accounts due to the ongoing work.

Members also raised the need to include a strict time frame within the recommendation for delegated authority and to acknowledge councillors levels of concerns, members requested a deadline of 31st July be included.

Following debate it was:

RESOLVED that:-

- a) the draft Statement of Accounts for the financial year 2020/21 for the Corby Borough Council subject to the conclusion of the audit and that there are no material adjustments that impact on the Council's usable reserves be approved
- b) Adjustments required to the draft Statement of Accounts in relation to Corby Borough Council be delegated to the Chair of Audit & Governance, in consultation with the Councils Executive Director of Finance & Performance.

113 **Internal Audit Progress Report**

Members received a report which sought to provide the committee with a progress update on the work of the Internal Audit team and the key findings from audits completed to date.

It was noted by members that since the last meeting of the Audit and Governance Committee, the Internal Audit service had been concluding and finalising all assignments from the 2022/23 Audit Plan and progressing fieldwork on 2023/24 assignments. The key findings of 20 audit reports which had been finalised during the period were provided to members for information. It was heard that of the 20 reports finalised, all received an assurance opinion of at least Satisfactory Assurance.

Updates were provided to members regarding S106 monitoring and Corporate Assets which had previously received limited assurance in 2022/23 which had both now moved to a satisfactory assurance opinion with a number of actions being implemented as at the time of the current years audit.

Members heard that a number of areas of weakness had been identified as part of the audit process including contract management within Public Health where performance improvement plans had been in place to deal with these concerns as well as taking into consideration the national issues which when put into context led to a satisfactory assurance opinion.

An update was also provided to members regarding the audit on fleet and fuel with a focus given to fraud risks and how the risk of fraud in managing supplies of fuel and access to fleet vehicles was being managed. The audit identified a number of weaknesses within the data. Members heard that some recommendations had been provided around improving the control framework and that a fraud update would be brought back to committee as a future agenda item.

Members raised several questions relating to the use of Section 106 monies and the importance for effective controls and management within the planning process. Members noted that the Assistant Director of Growth & Regeneration be invited to a future meeting of the Audit and Governance Committee to provide members with clarification around concerns raised.

Following debate it was:-

RESOLVED that the Committee note the progress report attached as Appendix 1 and consider the main issues arising.

114 Annual Internal Audit Report and Opinion 2022/23

Members received a report which sought to provide the committee with the Chief Internal Auditor's Annual Report and Opinion for 2022/23. It was noted that the report helped to inform the Council's Annual Governance Statement and provided a key source of independent assurance for the Audit and Governance Committee.

The Annual Report and Opinion provided an overview of internal audit activity and findings from 2022/23. The assurance opinion was based on the outcome of the planned audit assignments, actions taken by management in response to audit recommendations and other sources of assurance, as considered relevant by the Chief Internal Auditor. The report also reflected upon the performance of the internal audit service over 2022/23 and the value added.

The 2022/23 financial year had been the second year of the Council's operation and the first with an in-house internal audit service. The Chief Internal Auditor addressed the committee and noted that they were satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2022/23. It was the opinion of Internal audit that Satisfactory Assurance can be given over the adequacy and effectiveness of the Council's control environment for 2022/23.

Members heard that 173 audit recommendations were made as part of the internal audit process which resulted in agreed management actions during the year. It was noted that of those recommendations 123 had already been implemented with the remaining to be presented as part of the progress reporting. Good and outstanding feedback to the internal audit was also noted by members.

Members raised concerns regarding the limitation of scope associated with the Children's Trust and West Northants Council based activity. Members also raised concerns regarding the absence of the head of internal audit from West Northants Council.

Members raised a cause for concern regarding the levels of assurance received from the Children's Trust.

Following debate it was:

RESOLVED That the Annual Internal Audit Report and Opinion for 2022/23 attached as Appendix 1 be noted.

115 Northamptonshire Children's Trust Governance and Reporting Arrangements

Members received a report which sought to provide a brief overview to members of the Audit and Governance Committee of current governance and reporting arrangements for Northamptonshire Children's Trust (NCT).

Members heard that the contract between the Councils and Northamptonshire Children's Trust (NCT) set out the governance arrangements. The key meeting at the heart of the governance arrangement was the monthly Operational Group (OCG) with the remit 'to provide a joint forum to periodically review each Party's respective performance of this Agreement (in particular the performance of the Services by the Trust and the performance of the Dependencies by the Council) at an operational level'. The terms of reference for the Operational Group were revised in November 2022. The Operational Group reports to the quarterly Strategic Group which 'provides strategic, political and executive oversight and scrutiny to the Agreement'.

The contract also sets out the Performance Framework and the Councils' responsibilities and dependencies. Oversight, discussion and shared problem-solving of issues from Schedules 6 and 4 are the primary focus of Operational Group, along with financial monitoring and support services and property matters.

It was noted that There were four governance committees and the reporting overview was set out as part of the committee report;

- a) NCT Board
- b) Practice, performance and quality committee
- c) Finance and resources committee
- d) Audit committee

Members of the committee heard that the financial reporting model had been mirrored on that directly of North Northamptonshire Council which has been built with assistance from the assistant section 151 officer for North Northamptonshire Council.

It was stated to members that very single element of the NCT budget was open to scrutiny above the requirements of the contract due to the pressures that are being faced both locally and nationally. Open invitations are in place to both Chief Internal Auditors of both North Northamptonshire Council and West Northamptonshire Council.

Members raised questions regarding sources of assurance for Northamptonshire Children's Trust. It was noted that additional information requested by members would be made available at a future meeting of the Audit and Governance Committee as well as an invitation to the chair of the NCT audit Committee.

Following debate it was:

RESOLVED the report of Northamptonshire Children's Trust attached as Annex 1 which sets out the governance and reporting arrangements for the Trust be noted.

116 Urgent Items

An update was provided to members regarding a recent data breach was reported by 'Move It' a software specialist that deals with the transferring of personal/financial sensitive data. It was noted that North Northamptonshire has been affected and the individuals identified as being affected notified.

117 Close of Meeting

The meeting closed at 4.12 pm

Chair

Date