

## Minutes of a meeting of the Audit and Governance Committee

At 2.00 pm on Monday 25th September, 2023 in the  
Council Chamber, The Cube, George St, Corby NN17 1QG

### Present:-

#### Members

Councillor Andrew Weatherill (Chair)	Councillor Jonathan Ekins (Vice Chair)
Councillor Kirk Harrison	Councillor Paul Marks
Councillor Ian Jelley	Councillor Russell Roberts
Councillor Anne Lee	Councillor Valerie Anslow
Councillor Richard Levell	Councillor Bert Jackson
Michael Whitworth (Independent Person)	

#### Officers

Janice Gotts	Executive Director of Finance and Performance
Claire Edwards	Assistant Director, Finance
Dean Mitchell	Chief Accountant
Rachel Ashley-Caunt	Chief Internal Auditor
Paul Harvey	Grant Thornton – External Audit
Susan Tanner	Assistant Director, Commissioning and Partnerships
Colin Foster	Northamptonshire Children's Trust
Andrew Tagg	Northamptonshire Children's Trust
Elizabeth Jackson	Ernst & Young
Callum Galluzzo	Democratic Services

### 128 Apologies for non-attendance

None

### 129 Members' Declarations of Interests

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

No declarations were registered.

### 130 Minutes of the meeting held on 14th August 2023

It was confirmed to members that an Audit and Governance action plan would be drafted in consultation with the Chief Internal Auditor.

#### **RESOLVED**

That the minutes of the meeting of the Audit and Governance Committee held on 14<sup>th</sup> August 2023 be approved as a correct record and signed by the chair.

## 131 Statement of Accounts 2020-21 (Corby Borough Council)

Members received a report which sought approval for the draft Statement of Accounts in relation to Corby Borough Council for 2020/21. The accounts had been updated for the audit recommendations and were awaiting sign off following the conclusion of the work by the Council's external auditors. This was expected to be completed by the end of September.

It was also recommended that any non-material adjustments required to the draft Statement of Accounts in relation to the Corby Borough Council were delegated to the Council's Executive Director of Finance and Performance (s151 Officer), in consultation with the Chair of the Audit and Governance Committee.

Members heard that had been numerous adjustments throughout the process, but these had not materially impacted the general fund reserves. It was noted that from prior years there had been adjustments that had gone through that had an impact on general fund reserves that account for approximately £510,000. Members noted that a majority of those adjustments were in relation to timing issues that had occurred due to the nature of the accounts being open for so long. Adjustments that were not expected to be made were concluded where debts were no longer collectible and therefore had been written off in the accounts for 2021.

Following debate it was

### **RESOLVED**

A) That the Audit & Governance Committee approve the draft Statement of Accounts for the financial year 2020/21 for 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.

B) Any non-material adjustments required to the draft Statement of Accounts in relation to the Corby Borough Council be delegated to the Council's Executive Director of Finance and Performance (s151 Officer), in consultation with the Chair of the Audit and Governance Committee.

## 132 Audit Results Report 2020-2021 - Corby Borough Council

Members received a report which sought to present the Audit Results Report in relation to the Statement of Accounts for Corby Borough Council for 2020/21 to those charged with Governance. It was noted that the report had been prepared by the Council's External Auditor (EY), and sought Audit and Governance Committee approval to agree that the approval of the Council's draft Management Representation Letter be delegated to the Executive Director of Finance (s151) in consultation with the Chair of the Audit and Governance Committee.

Members received the final report with regards to the audit results and it was noted that all field work had concluded. Members heard that the external auditor was glad to present the result of an unqualified audit report for Corby Borough Council. Thanks were provided to officers for their positive cooperation in the audit process.

Questions were raised by members in relation to scale fees and sought clarification regarding what the impact would be for the council. It was noted that the overrun was going to be significant, and the final amount was still to be finalised. Members heard that mechanisms were in place through the Public Sector Audit Appointments (PSAA) in dealing with overspends and overruns.

Members then heard that in relation to audit appointments for the next five-year period that would run from 2023 to 2027/28 audits there was a consultation underway in relation to scale fees to start being applied from 2023/24. Feedback from the consultation was due to be submitted by 10<sup>th</sup> October 2023 and the council was anticipating confirmation for the final scale fee by the end of November 2023. Feedback received so far anticipate that the scale fee for North Northamptonshire Council was based on the standard fee of £300,442 which is then uplifted by 141% to provide a scale fee of £754,109 for 2023/24.

Following debate it was:

**RESOLVED** that:

- a) The Audit & Governance Committee Received the Provisional Audit Results Report to those charged with Governance and approve the draft Management Representation Letter.
- b) The Committee delegate any adjustments to the draft Management Representation Letter to the Councils Executive Director of Finance (s151 Officer), in consultation with the Chair of the Audit & Governance Committee.

### **133 Northamptonshire Children's Trust Assurance Arrangements and Annual Internal Audit Report 2022/23**

Members received a report which was presented by representatives of Northamptonshire Children's Trust. The report sought to provide a brief overview of risk management, assurance, governance and reporting arrangements for Northamptonshire Children's Trust (NCT).

The report recommended that members note the report of Northamptonshire Children's Trust which sets out the governance and reporting arrangements for the Trust and also to note the Internal Audit Report and Opinion for 2022/23 for Northamptonshire Children's Trust.

Members heard that there were several committees that were set aside to deal with matters of the NCT and these included The NCT Board, Practice, Performance and Quality committee (PPQ). Finance, Resources committee and Audit committee. It was noted that the Audit committee met ~every 12 weeks and the finance and resources committee met every six weeks. The Audit Committee was attended by the Chief Internal Auditor from West Northamptonshire Council and supplemented with an invitation to the Chief Internal Auditor for North Northamptonshire Council.

It was also noted by members that NCT maintained a Strategic Risk Register where the fundamental risks were recorded and reviewed. It was noted that there were 23 risks currently open which are regularly reported to the Committee as well as the PPQ

committee and operational group with the councils. As part of the 2023/24 audit approach, a risk workshop was held with the Chief Internal Auditor and the NCT board to develop the programme for 2023/24.

There was also a number of statutory inspections that were undertaken as part of the governance arrangements and also the Social Care Improvement Board which monitored the Social Care Improvement Plan that was chaired by the Department for Education (DfE).

Members heard that in relation to work undertaken for Internal Audit 2022/23 that it had been a challenging year and that the Finance, Resources and Risk Committee had expressed their disappointment and concern over the amount of audit activity that had been undertaken.

In relation to the audit log it was noted that there was two remaining audits outstanding that related to Corporate Governance Framework and the Fostering Service. The draft Corporate Governance Framework internal audit had now been received and was a good audit result with minor findings. The Fostering Service in-house was in the last stages of finalisation which would then conclude the 2022/23 audit approach to supplement the audit opinion that had been given.

Members sought to clarify the total number of children that were in care across Northamptonshire and sought to confirm if this number could be split between North and West Northamptonshire. It was noted that across Northamptonshire there was 1,162 children in care and that at any one time there was approximately 7,000 open cases including children on a child protection plan and children on a child in need plan. Additionally, it was noted that there were 3,000-4,000 families being worked with through the targeted early help and support. A performance report was being drafted which would focus on both the North and West Northamptonshire areas which had been aligned with the OFSTED inspection regime which was also being split to cover North and West Northamptonshire separately.

Members raised several concerns including in relation to the internal audit coverage. Members raised concerns of including 2021/22 audits into the audit programme for 2022/23 and the limited number of internal audits carried out. Members questioned whether given the size and complexity of NCT if it is possible to achieve a satisfactory assurance from the amount of internal audit work undertaken. Members clarified to the NCT that they were seeking clear and unambiguous assurance and sought to clarify if representatives of NCT agreed with the comments made by the NCT Finance, Resources and Audit Committee regarding their concerns and disappointment of internal audit work carried out.

A statement from West Northamptonshire Council in relation to Internal Audit concerns was delivered to members which stated:-

*“As you are aware West Northamptonshire Council provide the Internal Audit Service to the Children’s Trust and therefore are accountable to your Finance, Resources and Audit Committee.*

*At your last Committee meeting the Chief Internal Auditor was present and your committee raised concerns over the lack of progress on the Internal Audit plan for 2023-24. The Chief Internal Auditor responded to the Committee but I thought it may be useful to make you aware that we have since commissioned some additional*

*resource to progress your audits as a priority to address the concerns that were raised by your committee.*

*I hope this provides some assurance that we are treating your committee's concerns with the upmost urgency and will be commencing the audits for this year in the week commencing 2 October 2023.*

*As ever, we appreciate the mutually supportive arrangements that have been developed between our two organisations which, as you can see from the above, leads to a positive response to any areas of concern that you or your committee may have in relation to the internal audit service, or indeed any other service provided to you."*

Members continued to raise concerns regarding the inadequate levels of assurance in relation to the work undertaken by internal audit. It was confirmed to members that NCT would present the Risk Programme and Internal Audit framework for 23/24 and 24/25 at a future meeting of the Audit & Governance Committee.

Colin Foster of Northamptonshire Children's Trust confirmed to members of the Audit & Governance Committee that he did not consider that they have satisfactory assurance from the work undertaken by internal audit.

In addressing a sense of urgency in relation to the Audit programme for NCT it was agreed by members that Councillors Harrison, Jelley and Anslow would liaise with the appropriate officers as well as the chair and vice chair of the North Northamptonshire Audit & Governance committee and chair of the NCT Finance, Resources and Audit Committee and WNC and NNC Chief Internal Auditors in relation to ensuring adequate assurance is provided from Internal Audit activity to support the 2023/24 Head of Internal Audit Opinion for that and future years

Following debate it was:-

**RESOLVED**

That the committee noted the report of Northamptonshire Children's Trust and noted the Internal Audit Report and Opinion for 2022/23 for Northamptonshire Children's Trust. It was also resolved that the committee raised several concerns regarding the levels of assurance as set out in the report.

**134 Internal Audit Progress Report**

Members received a report that 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.

The Chief Internal Auditor stated since the last meeting of The Audit & Governance Committee, six audit reports have been finalised and the key findings were presented to members. It was noted that during the 2023/24 financial year to date, 30% of the planned audits had been delivered to at least draft report stages and a further 32% was in fieldwork stages. This reflected that delivery is on track for this stage in the year.

One summarised report was in relation to Information Governance (Data Retention and Subject Access Requests). Overall, a good level of assurance was given with regards to compliance. It was noted that in relation to controls the data retention schedule was scrutinised and although schedules are in place recommendations were made to review and update which would be present as part of the action plan following the internal audit. Members heard that overall a moderate assurance opinion was given over the control environment based on the need to update some data retention schedules in addition to outstanding actions from the last audit.

Members heard that another progress report was provided for cyber security which in effect is a rolling piece of work on cyber security. This internal audit focused on training and awareness. Overall, a moderate assurance opinion was given including a number of areas for further development which will be taken forward as part of the action plan.

The next update in relation to internal audit was for the management of capital projects and the project management framework. A number of areas of good practise were highlighted alongside the need for a fully developed project management framework that is consistently applied for each of the council's projects. A number of recommendations had been made to support the development. Overall, a moderate assurance opinion was given including a number of recommendations as part of the action plan for this internal audit.

Members then received an update in relation to right to buy applications audit. It was noted that the main finding of the audit was that the council was able to evidence some significant improvement in the control environment. Overall, a moderate level of assurance over compliance and control was given.

An update was also provided in relation to a piece of consultancy work undertaken by internal audit in relation to housing repairs. It was heard that internal audit had consulted with officers regarding the levels of controls expected to be exercised over a store's facility and to ensure that those types of physical security controls and separation of duties were in place. Several recommendations were made and may be brought before the committee as part of next year's audit plan.

The final internal audit was provided to members in relation to government procurement cards. It was noted that this internal audit had received limited assurances in relation to compliance. Limited assurance was given on compliance due to the level of non-compliance in relation to the completion of reviews of transactions. A low organizational impact was also given to the audit due to the scale of the transactions which was approximately £525,000 in total during 2022-23. It was noted that there was no evidence of fraud or inappropriate use in relation to the use of the procurement cards.

It was noted by members that 33 actions had been implemented in relation to audit recommendations since the last meeting of the committee on the 14<sup>th</sup> August 2023. 76 actions were overdue, and two actions fell into the category of being high priority and over 3 months overdue. Revised dates had been set to the end of October 2023 and start of November 2023. Members sought to clarify where overdue recommendations were being chased up and also sought an addition to the reporting to include where management actions had been implemented. It was heard that the full list of all overdue actions was regularly presented to the Corporate Leadership Team (CLT) and thoroughly scrutinised at that level.

Members raised concerns regarding the non-compliance in relation of the use of Government Procurement Cards. It was noted that processes were in place for the management of the procurement cards however the non-compliance related to follow up work/action. It was heard that a specific session was to be held in October at the Corporate Leadership Network including all assistant directors in order to review the internal audit findings and recommendations and also to reinforce the implications if members of staff do not follow the guidelines.

Following debate it was:

**RESOLVED** That the Audit and Governance Committee noted the progress report attached as Appendix 1 and considered the main issues arising.

**135 Urgent Items**

None

**136 Close of Meeting**

The meeting closed at 4.09 pm

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Chair

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Date