

Minutes of a meeting of the Audit and Governance Committee

Thursday 5 May 2022

at 2:00 pm in the Council Chamber, Swanspool House, Doddington Road,
Wellingborough, Northants, NN8 1BP

Present:-

Members

Councillor Andrew Weatherill (Chair)	Councillor Kirk Harrison (Vice Chair)
Councillor Jean Addison	Councillor Paul Marks (Substitute)
Councillor Valerie Anslow (Substitute)	Councillor Mark Pengelly
Councillor Matt Binley	Councillor Russell Roberts
Councillor Richard Levell	Councillor Kevin Watt

Officers

Janice Gotts (Executive Director of Finance (s151 Officer))
Claire Edwards (Assistant Director of Finance and Accountancy)
Rachel Ashley-Caunt (Chief Internal Auditor)
Adele Wylie (Director of Governance and HR (MO))
David Watts (Executive Director of Adults, Communities and Wellbeing)
Zakia Loughead (Assistant Director of Safeguarding, Wellbeing and Provider Services)
Geoff Kent (Assistant Director of Customer Services)
Neil Harris (Ernst & Young – External Audit)
Ciaran McLaughlin (Grant Thornton – External Audit)
Paul Harvey (Grant Thornton – External Audit)
Fiona Hubbard (Senior Democratic Services Officer)
Raj Sohal (Democracy Officer)

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

50 Apologies for non-attendance

It was noted that apologies for absence were received from Councillor Anne Lee and Councillor Ian Jelley. Councillor Valerie Anslow attended as a Substitute for Councillor Anne Lee and Councillor Paul Marks attended as a Substitute for Councillor Ian Jelley.

51 Members' Declarations of Interest

The Chair invited those who wished to do so to declare interests in respect of items on the agenda.

There were no declarations received.

52 Minutes of the meeting held on 14 March 2022

The Chair clarified with officers outstanding actions referred to in the minutes and the relevant officer responded as follows:

- 45 (ii) The vacancies for the Internal Audit positions are now being advertised. 400 audit days resource has have been arranged with a contractor. The Chair reiterated the importance of resources needing to be recruited to the vacant posts in a timely basis and that this represents a risk to the delivery of the Audit Plan. The in-house Audit Team has a full complement of 9 staff and currently having 2 in post and employed;
- 46 (ii) The reconciliations in relation to Housing Benefits and Council Tax for Corby and East Northamptonshire Councils were now complete;
- 47 (i) The Committee's feedback had been shared with the Council's Leadership Team and in addition a shared site had been set up for directorate risk registers to update, share information and review.

The Chair queried with the Executive Director of Finance when the Audit and Governance Committee would be receiving the update on s106 monitoring. She advised she had been informed by the Executive Director of Place and Economy that a North Northamptonshire wide s106 team had been formed and a lead officer appointed to oversee the work. Progress was being made and a reporting mechanism has now been actioned which would see regular s106 update reports being taken to the Scrutiny Commission once the work on the Action Plan had been completed. The Action Plan identified the necessity to recruit an additional temporary resource into the team in order to complete the action work in a timely manner. Interviews will shortly take place and officers are confident once this has happened that the element can be progressed at pace. The Executive Director of Place and Economy would attend the next meeting of the Audit and Governance Committee to provide a further update.

The Committee felt strongly that a full team should be in place as soon as reasonably possible and assurance was needed that the Council was not losing money from s106s. The Executive Director of Finance responded that this work is being monitored through the Scrutiny Commission and the Strategic Planning Committee and this Committee will be updated in line with the recommendation.

The Chair stated his opinion that he had hoped and expected that this would have been reported to the Committee by now. He welcomed the planned update from the Executive Director of Place and Economy at the next meeting.

RESOLVED:-

- (i) The minutes of the Audit and Governance Committee held on 14 March 2022, be confirmed as a correct record and signed.

53 Internal Audit Charter and Strategy

The Committee considered a report of the Chief Internal Auditor to approve the Internal Audit Charter and Strategy, which sets out how the Council's Internal Audit Service is delivered and how it complies with statutory requirements and professional standards.

The Chief Internal Auditor presented the report and explained in detail the key areas and points within the Internal Audit Charter and Strategy.

Arising from consideration of the report and discussion, the Chief Internal Auditor responded to questions from the Committee and the following principal comments were made:

- (i) The Chair and Vice Chair both had some suggested amendments to the Internal Audit Charter and Strategy that reflected the current position. These points included how the Audit Team was structured with internal and external resource and how assurance in relation to Northamptonshire Children's Trust was being obtained.

The Chair suggested if the Committee were minded to approve that the Vice Chair and himself meet with the Chief Internal Auditor to agree the amendments.

The Committee asked that once the amendments have been made to the Internal Audit Charter and Strategy that the document be returned to the next Audit and Governance Committee.

RESOLVED:-

- (i) The Chair and Vice Chair meet with the Chief Internal Auditor to discuss the suggested amendments to the Internal Audit Charter and Strategy and report back to the next meeting of the Audit and Governance Committee for consideration and approval.

54 North Northamptonshire Council - Draft Accounting Policies 2021-2022

The Committee considered a report to approve the draft accounting concepts and policies for North Northamptonshire Council's Statement of Accounts for 2021/22, which set out the accounting concepts and policies to be used in preparing the 2021/22 annual accounts. It also contained details of an emergency consultation on the Chartered Institute of Public Finance/Local Authority Scotland Accounts Advisory Committee (CIPFA/LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Assistant Director of Finance and Accountancy presented the report and explained in detail the key areas and points within the draft accounting policies.

RESOLVED:-

- (i) The Audit and Governance Committee approved the accounting concepts and policies set out in the report and noted the key sources of estimation and the outcome of the emergency code consultation.

55 Update on outstanding issues - Corby Borough Council

The Committee considered a report of the Assistant Director of Finance and Accountancy of an update on the outstanding issues relating to the audit of the Statement of Accounts for the former Borough Council in Corby.

The Assistant Director of Finance and Accountancy presented the report and explained in detail the key areas and points within the report relating to outstanding issues in relation to Property Valuations and Value for Money reporting and modifications.

Arising from consideration of the report and discussion, the Assistant Director of Finance and Accountancy and Neil Harris (Ernst & Young - External Audit), responded to questions of clarification from the Committee and the following principal comments were made:-

- (i) Neil Harris (Ernst & Young – External Audit) advised that the delays in the conclusion were due to capacity in the Real Estate Team (Ernst & Young) and the rest of the audit field work was substantially concluded;
- (ii) A query was raised if this was down to lack of resources from the Council's side. Neil Harris (Ernst & Young – External Audit) responded that the level of work involved to perform valuations had increased. He added there had not been significant capacity to move on but the Executive Director of Finance and Accountancy and her team had worked hard to get the field work completed;
- (iii) The Committee expressed their disappointed and concern that these matters had not been concluded and had concerns for the reputational damage to the Council. In response, Neil Harris (Ernst & Young – External Audit) took full responsibility for the position, which was with them to conclude, and were aiming to have this resolved by the end of May;
- (iv) The Chair asked Neil Harris (Ernst & Young – External Audit) of the risks that could cause this not to be completed by the end of May. In response, it was clarified that the main areas were any significant adjustments on valuations from the Real Estate Team. The Assistant Director of Finance and Accountancy advised that any material adjustments could simply flow into the 2020/21 accounts to resolve any issues;
- (v) A member queried what impact this would have on Ernst & Young's fees and sought assurance that any of their additional costs that were attributable to the Auditor were borne by the Auditor. In response Ernst & Young advised they would look at the overall delivery and also consideration in relation to attribution of the cause of any hold ups .

RESOLVED:-

- (i) The Audit and Governance Committee noted the information outlined in the report.

56 Update on outstanding issues - East Northamptonshire Council

The Committee considered a report of the Assistant Director of Finance and Accountancy of an update on the outstanding issues relating to the audit of the Statement of Accounts for the former District Council in East Northamptonshire.

The Assistant Director of Finance and Accountancy presented the report and explained in detail the key areas and points within the report relating to outstanding issues relating to Property Valuations, Contingent Liability, Bank Reconciliation and Value for Money reporting and modifications.

Arising from consideration of the report and discussion, the Assistant Director of Finance and Accountancy and Neil Harris (Ernst & Young - External Audit), responded to questions of clarification from the Committee and the following principal comments were made:-

- (i) Neil Harris (Ernst & Young – External Audit) advised that the Property Valuations were with the Real Estate Team; the Forensic Team were doing an investigation in relation to the Bank Reconciliations and the fraudulent payments; in relation to the Contingent Liability, Ernst & Young confirmed they are now in receipt of information required from the Council and now need to look at the accounting treatment;
- (ii) Queries were raised in relation to the fraudulent payments and the Assistant Director of Finance and Accountancy clarified that it was a failure of internal controls but robust controls are now place with North Northamptonshire Council;
- (iii) Neil Harris (Ernst & Young – External Audit), confirmed they are aiming to conclude the audit by the end of May;
- (iv) On a separate matter, the Chair asked what the position was in relation to the 2020/2021 accounts for North Northamptonshire Council. It was clarified that a team was in place to work through the 2020/2021 accounts and were aiming to complete this by the end of August.

RESOLVED:-

- (i) The Audit and Governance Committee noted the information outlined in the report.

57 Internal Audit Progress Report

The Committee considered a report of a progress update on the work of the Internal Audit Team and the key findings from audits completed to date.

The Chief Internal Auditor presented the report and explained in detail the key areas and points within the internal audit progress report.

Arising from consideration of the report and discussion, the Chief Internal Auditor, the Executive Director of Adults, Communities and Wellbeing and the Assistant Director of Customer Services, responded to questions of clarification and the following principal comments were made:

- (i) In relation to the Audit for Housing Rents, members queried the discrepancy in the level of the former Kettering Borough Council and Corby Borough Council rent arrears. The Chief Internal Auditor confirmed that these had yet to return to pre-Covid levels and the Corby figures were recorded on a different basis which included court costs and recharges;
- (ii) In relation to rent arrears, a query was raised as to how long these arrears would show on the Council's records. The Assistant Director of Finance and Accountancy responded that we would seek recovery of debt for as long as it was viable to do so. The last course of action would be to 'write off' the debt and the Council would try and work with the individual to pay the money back;
- (iii) The question was raised if we had enough staff resource to deal with queries in relation to debt and residents. The Assistant Director of Finance and Accountancy could not confirm the number of staff available but advised they have a reasonable level of staff at Kettering and Corby. Another comment was made that some members of the public are unable to get through to speak to someone. The Assistant Director of Finance and Accountancy would look into this matter. The Executive Director of Adults, Communities and Wellbeing advised that we need to pursue rent arrears but ensure we do not push individuals into more hardship and it's important individuals receive the appropriate debt advice. He had not had the issue raised that we do not have sufficient resources but it could be a mix up between Housing Revenue Account (HRA) issues and not around tenancies. A member commented that it was important to work with individuals to pursue any debt and not 'write it off' but it was also important to work with individuals. Another member added they are working families and we should support them as much as we reasonably can;
- (iv) The Executive Director of Adults, Communities and Wellbeing reported that Housing policies would be reported to the next Executive meeting to harmonise the policies and processes. He added that Housing and Revenue Account (HRA) policies need more working through to harmonise as they have different borrowing arrangements between the neighbours. The Chair responded that as a principle tenants should be treated consistently across the Council area;
- (v) In relation to the Audits of the Adult safeguarding referrals and Adult safeguarding – Deprivation of Liberty Safeguards (DoLS). The Committee raised concerns in relation to workforce resource pressures and challenges of a system which does not allow for more than one 'worklist' and also the use of manual records. The Executive Director of Adults, Communities and Wellbeing provided very thorough and detailed responses relating to their concerns. The Committee thanked the Executive Director of Adults, Communities and Wellbeing and the Assistant Director of Safeguarding, Wellbeing and Provider Services, for their attendance which gave assurance to the Committee that despite challenges, issues are being addressed. The Executive Director of Adults, Communities and Wellbeing would circulate an update to the

Internal Audit Action list for the Adult safeguarding – Deprivation of Liberty Safeguards (DoLS) Audit to members of the Committee.

- (vi) In relation to the Audit for HR and Health and Safety (home working) a query was raised if this included staff absences due to mental health. The Chief Internal Auditor reported that these would be dealt with under absence procedures. A member suggested that this data may provide assurance over the effectiveness of the wellbeing support offered by the Council and requested consideration of coverage in future audit work on absence due to mental health issues;
- (vii) With regard to the Customer Services Audit a member raised a concern as to why the Council is still operating different IT systems and that Wellingborough does not use a Customer Relationship Management System (CRM). The Assistant Director of Customer Services informed the Committee that a project was underway to procure a new telephony system. A query was raised if information could be shared between teams due to having multiple CRM systems especially if there could be a risk to staff. The Executive Director of Adults, Communities and Wellbeing clarified that safe guarding measures are in place in relation to individuals who pose a risk to staff.

RESOLVED:-

- (i) The Audit and Governance Committee noted the progress report.

During the above debate, Councillor Valerie Anslow left the meeting at 4:14 pm and Councillor Mark Pengelly at 4:25 pm and therefore did not take part in the voting.

58 External Audit Progress Report

The Committee considered a report from the Assistant Director of Finance and Accountancy, the purpose of which was to provide the Committee with a progress report and sector update on the work being undertaken by the external auditor, Grant Thornton.

Paul Harvey (Grant Thornton – External Audit), presented the report and explained the key areas and points within the external audit progress report.

RESOLVED:-

- (i) The Audit and Governance Committee noted the progress report and sector update.

59 Close of Meeting

There being no further items of business, the Chair declared the meeting closed.

Chair

Date

The meeting closed at 4.37 pm