

Minutes of a meeting of the Audit and Governance Committee

Monday 28th November, 2022

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

Present:-

Members

Councillor Andrew Weatherill (Chair)

Councillor Jean Addison

Councillor Ian Jelley

Councillor Anne Lee

Councillor Richard Levell

Councillor Paul Marks

Councillor Mark Pengelly

Councillor Elliot Prentice

Councillor Russell Roberts

Mr Michael Whitworth (Independent Person)

Officers

Janice Gotts (Executive Director of Finance and Performance (Section 151 Officer))

Claire Edwards (Assistant Director of Finance and Accountancy)

Rachel Ashley-Caunt (Chief Internal Auditor)

Adele Wylie (Executive Director of Customer & Governance (Monitoring Officer))

George Candler (Executive Director of Place and Economy)

Rob Harbour (Assistant Director of Growth and Regeneration)

Graeme Kane (Assistant Director of Highways and Waste)

Dean Mitchell (Chief Accountant)

Paul Harvey (Grant Thornton – External Audit)

Fiona Hubbard (Senior Democratic Services Officer)

Councillor Lloyd Bunday (Portfolio Holder for Finance and Transformation), Councillor Graham Lawman (Portfolio Holder for Highways, Travel and Assets) and Councillor Wendy Brackenbury (Chair of the Scrutiny Commission), also attended the meeting.

82 Apologies for non-attendance

It was noted that an apology was received from Councillor Kirk Harrison.

Announcements

The Chair welcomed Councillor Elliot Prentice to the Committee as a Full Member.

Following ratification by Full Council on Thursday 24 November 2022, the Chair welcomed the newly appointed Independent Person, Mr Michael Whitworth, as a Full Member of the Committee. Mr Whitworth introduced himself and explained his background and experience from working in corporate and private banking, together with knowledge of school safeguarding as some of the skills he could bring to the Committee.

83 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.

84 Minutes of the meeting held on 5 September 2022

The Chair referred to Minute 78 (Report of Children's Services (including Northamptonshire Children's Trust)). He explained that at Full Council on Thursday 24 November 2022, the recommendation for the Northamptonshire Children's Trust Annual Report (Item 10) was amended. This was following the direct output from the considerations of the Committee at the Audit and Governance Committee held on 5 September 2022.

The recommendation at Full Council was amended to note the gaps in sources of assurance as debated at the Audit and Governance Committee on 5 September 2022, and that the Committee is seeking actions from the Northamptonshire Children's Trust, to review their control processes.

Since the last meeting of the Audit and Governance Committee, the Chief Internal Auditor reported that she had a meeting with the Lead Finance Officer at the Children's Trust, and as a result of this, does have a copy of their Internal Audit Plan and Risk Register Entries. She has also requested a quarterly meeting with the Lead Officer and Chief Internal Auditor for West Northamptonshire Council. This will enable our Chief Internal Auditor to feedback to this Committee in relation to assurance progress.

RESOLVED:

- (i) The minutes of the Audit and Governance Committee held on 5 September, be confirmed as a correct record and signed.

85 Internal Audit Progress Report

The Committee received a report from the Chief Internal Auditor for an Internal Audit Progress Report on the work of the Internal Audit Team and the key findings from audits completed to date. Good progress was being made on progressing planned audit work and a number of grant certifications had been completed during the period. Seven audit reports had been finalised since the last meeting.

The Chief Internal Auditor presented the report and explained in detail the key areas and points and also to get approval to amend the Audit Plan for 2022/23, to remove the planned audit on Preparation for the Care Act Reforms and reallocate those audit days to an audit on secure use of Council bank accounts in adult social care settings.

The Director of Place and Economy and the Assistant Director of Highways and Waste were present at the meeting to brief the Committee, in relation to the audit for the Home to School Transport (2021/22 audit led by West Northamptonshire Council); The Assistant Director of Growth and Regeneration was present in relation to the audit for S106 Agreements 2021/22; and The Executive Director of Customer &

Governance (Monitoring Officer) was present and would respond in relation to the audit for Enforcement Files 2021/22.

Arising from consideration of the report and discussion, the following principal comments were made:-

- (i) A member had concerns in relation to Debt recovery and members of the public being billed years later. The Assistant Director of Finance responded, that she would have to look at individual cases but a debt could come back for recovery even if extinguished several years before;
- (ii) Another member referred to a contract not being awarded in accordance with contract procedure rules. The Chief Internal Auditor responded that this was a contract in the Children's Education Service and the Director had been informed;
- (iii) The Chair asked for an update in relation to the delivery of the Audit Plan and recruitment of staff for the Audit Team. The Chief Internal Auditor advised that she was going again in the hope of recruiting further resources for 2023/24. All audits for the 2022/23 year had been allocated to existing resources;
- (iv) The Assistant Director of Highways and Waste reported to the Committee that the Home to School Transport had previously been hosted by West Northamptonshire Council after it had previously been provided by the former Northamptonshire County Council. The audit of this service was completed by West Northamptonshire Council and was concluded on 26 August 2022 and the outcome received by this Council on 4 October 2022, which meant the November Audit and Governance Committee was the next available meeting to report the findings. The service has now been disaggregated from West Northamptonshire Council;
- (v) Concerns were raised by members in relation to timings as to when the outcome of the audit had been received by this Council, given the significant weaknesses and why there had been such a delay, in this information being received, as the audit had been concluded in August 2022. The Chief Internal Auditor responded that she had been requesting the information monthly from April 2022 through to October 2022. She added that it had been agreed that West Northamptonshire Council would lead on this audit so the work was not duplicated. The Chief Internal Auditor confirmed that she did not receive the outcome of this audit until October 2022;
- (vi) The Assistant Director of Highways and Waste explained in detail the background to the work of the Home to School Transport Team and the range of different contracts, tenders and systems. He welcomed the audit which would enable the service to do something about the weaknesses and risks. He added that the audit confirms the framework to put policies and procedures in place to form a strong foundation to build on. He reported that some of the faults pointed out by the Auditors were administrative ones and these have been addressed and a number of other actions have been completed and others underway. He added that the Home to School Transport Team are now working with the Council's Taxi Licensing Service Team as the Auditors noted there was insufficient engagement. The

Auditors also picked up that the policy in relation to the complaints process was not clearly signposted on the Council's website. He reported there will be continual training for staff; recruitment to build their own Team; to work with systems and schools more closely; and bring in an additional automated system to reduce human error, alongside the Adam system they already have;

- (vii) A member commented that he wished these issues could have been picked up a lot earlier and welcomed the disaggregation of the service;
- (viii) Another member queried how many people would be in the Team. The Assistant Director of Highways and Waste clarified there would be 18 people, with 2 Inspectors. Members were concerned that this had been a high risk since August and when would the job positions be filled, but this was dependent on the recruitment process but it was hoped this would be done by the end of March 2023;
- (ix) A member raised concerns in relation to procedures not being followed in relation to checking licences, operators and vehicles and stated that he understood from some operators that no one was visiting them. The Assistant Director of Highways and Waste would take these matters up with the member directly but confirmed that there was a process in place and checks were happening;
- (x) The Chief Internal Auditor confirmed that this Council would follow up recommendations set by West Northamptonshire Council and report back to the Committee. The Director of Place and Economy confirmed that 6 of the recommendations have been completed/substantially completed, 4 are part complete/will be completed by 31 December 2022 and 1 will be completed by 20 April 2023;
- (xi) The Assistant Director of Growth and Regeneration explained to the Committee the reasons for the recommendations of the S106 Agreements 2021/22 of high priority, being overdue for more than three months. This was due to the restructure of the service and a managerial post and the job evaluation and job matching process which was making steady progress, but not as quick as he would have liked. He also reported they had employed 2 members of staff and the recruitment had taken longer than anticipated. Unfortunately, one of the members of staff that was recruited had now left the Council. He added that whilst there has been a delay, significant progress had been made. He reported that there will be a centralised system and the procurement and discussions had taken place with the Transformation Team and IT regarding the implementation project and moving this forward. In the meantime, a centralised area had been implemented. It is not the best but it is an interim position to provide visibility across the Council and was a significant improvement over what was inherited. He anticipates all the work to be completed by the end of December 2022;
- (xii) In response to the Assistant Director of Growth and Regeneration's explanation, a member stated that members expect to receive communication regarding how S106 monies were being spent in their areas and was concerned that this information is still not being received;

- (xiii) The Assistant Director of Growth and Regeneration responded that the Planning Advisory Service would be looking at development contributions and this dialogue has been started for early next year. Another member commented that Parish Councils are not being consulted and considered there should be a system in place to share the information with members and the public. Members did not want to see S106 monies lost and if money has been allocated, for example to education, then that should be fully used for education. The Assistant Director of Growth and Regeneration responded that members had made valid points. He added that developers are generally open to discussions as they have their reputation to uphold and want to develop and sell homes in the future and it is of mutual interest to renegotiate when appropriate to do so. He added that a single IT platform will make it easier to access and share information in a timely manner;
- (xiv) The Assistant Director of Growth and Regeneration was asked if he was over ambitious when setting these due dates. In retrospect, he considered that it was difficult to predict the future and to establish the size of the problem in an unknown set of circumstances, together with the complexity of the task and depth of the issue. The Director of Place and Economy added S106s are high profile and it was imperative to get this resolved as soon as possible so the bar was set high to get this completed. It was anticipated that a significant amount of work will be concluded by Christmas 2022;
- (xv) The Executive Director of Customer & Governance (Monitoring Officer) was asked to explain the reasons for the overdue audit actions for more than three months, in relation to Enforcement Files 2021/22. She explained to the Committee that the reason this had not happened was due to a restructure in the service for the recruitment of an Assistant Director for Legal and Democratic Services. This role has now been recruited to and the work was being undertaken and would be completed by next week. The Executive Director of Customer & Governance (Monitoring Officer) added that she did not want to extend deadlines as these are taken seriously and the Assistant Director is now in post.

The Audit and Governance Committee:

- (a) Noted the progress report attached as appendix 1 to the report;
- (b) Approved the amendment to the Audit Plan for 2022/23 to remove the planned audit on Preparation for the Care Act Reforms and reallocate these audit days to an audit on secure use of Council bank accounts in adult social care settings.

86 Risk Register Update

The Committee received a report from the Chief Internal Auditor with a quarterly update on the Council's Strategic Risk Register entries.

The Chief Internal Auditor presented the report and explained in detail the key areas and points and the update of entries contained in the report.

To assist the Committee, a summary had also been provided in the form of a heat map, showing the current scores in relation to the risk framework.

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

- (i) It was commented that the heat map was useful and should be maintained in the future for reporting to Committee, alongside the Strategic Risk Register entries and that future heat maps should show movements since the last report;
- (ii) Several members commented on the risk of the Children's Trust listed in the Strategic Risk Register, in relation to increasing the risk until the Committee receives assurance. In addition, another member queried if the Council manages to get assurance in other ways too, via Scrutiny Committees. A comment was also made about the risk factor to the Council's budgets. In response to the comments made above in relation to the Children's Trust, the Chief Internal Auditor stated that she would report this back to the Risk Lead Officer.

RESOLVED:

The Audit and Governance Committee:

- (a) Noted the risk management update.

87 Audit Planning for 2023/24

The Committee received a report from the Chief Internal Auditor with an overview of the proposed Audit Planning process for 2023/24 and to consult members on risk areas for consideration in the development of the Audit Plan.

The Chief Internal Auditor presented the report and explained the coverage of this work which needed to inform the end of year Annual Internal Audit opinion. She wanted to consult with the Committee on any risk areas for consideration in the development of the plan.

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

- (i) The Chair suggested further consultation with the Committee and suggested members be involved with a half day training session, for the purpose of developing the Audit plan for 2023/24 and also to include training for Audit Planning. Members welcomed this suggestion. This would take place in March 2023 and the outcomes reported to the Audit and Governance Committee on 24 April 2023;
- (ii) Two members were keen to see the Audit of Management of Capital Projects which was currently listed for Quarter 3 in the Annual Internal Audit Plan;

- (iii) The Chief Internal Auditor was thanked for her work;
- (iv) A member queried if the Audit for Northamptonshire Children's Trust was separate to this Audit Planning. The Chief Internal Auditor responded that we look at how it is managed and the Intelligent Client Function (ICF) forms part of the Council's assurance but she is hoping to gain more information from Northamptonshire Children's Trust, to inform her assurance at year end. The Executive Director of Finance and Performance (Section 151 Officer) added that this Committee needs assurance from Northamptonshire's Children's Trust and we would invite them again to address the Committee to determine if satisfactory assurance is able to be given.

RESOLVED:

The Audit and Governance Committee:

- (a) Noted the proposed approach to the development of the Internal Audit Plan for 2023/24;
- (b) Highlighted any risk areas for consideration in the planning process, which the Committee seeks assurance in the year ahead.

88 Audit and Governance Committee - Annual Report 2021/22

The Committee received a report from the Chief Internal Auditor informing the Council on the work of the Committee during the 18 month period to September 2022 in the form of an Annual Report for presentation to Full Council.

The Chief Internal Auditor presented the report and explained the coverage of the Annual Report and to aim to raise the profile of the Committee and the work that has been done both internally and externally.

The Chair then presented the Annual Report and talked about the significant amount of predecessor accounts that have been brought to Committee, the development of the effectiveness of the Committee and the good work of officers since its formation. In relation to the self-assessment of the Committee's effectiveness, the Chair reported that himself and the Vice-Chair would be meeting to discuss this and would feedback to the Committee at the half day training day discussed for March 2023, together with any further observations.

Arising from consideration of the report and discussion, the following principal comments were made:

- (i) The Executive Director of Customer & Governance (Monitoring Officer) noted that the Annual Report would be presented to Full Council and informed the Committee that it was proposed that in future all Annual Reports would go to Full Council in March. The Chair responded that this first Annual Report was slightly different in that it was for a period of 18 months and that the timing of the report meant that it was more meaningful. The Senior Democratic Services Officer would consult with the Executive Director of Customer & Governance (Monitoring Officer) regarding the timing of the presentation of

the Annual Report to Full Council and the most effective time in the year for its completion and presentation;

- (ii) In relation to the self-assessment, a member commented that he would like to have seen further detail on the survey on the survey findings and actions. The Chair welcomed his comments and explained that the survey was not tailor made for this Committee as was originally intended, but a template that was used, so as not to delay the exercise. In future a tailored self-assessment could be used;
- (iii) Another member referred to the amount of work that had been carried out this year and gave his appreciation to the Chair.

RESOLVED:

The Audit and Governance Committee:

- (a) Approved the Annual Report for presentation to Full Council.

89 Corby Borough Council - Draft Accounts 2020/21

The Committee received a report from the Assistant Director of Finance and Accountancy to receive and approve the draft Statement of Accounts in relation to Corby Borough Council for 2020/21, for publication.

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

Arising from consideration of the report and discussion, the Assistant Director of Finance and Accountancy responded to questions of clarification and the following principal comments were made:

- (i) The Chair asked the Assistant Director of Finance and Accountancy to outline the plan to the Committee for the clearance of the audit of the accounts. In response, she advised that the audit was due to take place on 9 January 2023, for 8 weeks with no scope for movement. She added that she has had to ensure that the Team is set up ready to deal with the audit in a timely manner. She advised that she has agreed a plan of working with Ernst & Young (External Audit);
- (ii) The Assistant Director of Finance and Accountancy reported that the audit should be completed late February/early March with the intended final sign off of the accounts in April 2023.

RESOLVED:

The Audit and Governance Committee:

- (a) Noted the draft Statement of Accounts for the financial year 2020/21, for Corby Borough Council.

90 Verbal Update from Grant Thornton (External Auditors)

Paul Harvey (Grant Thornton- External Audit) gave a verbal update to the Committee. He reported that as the draft Statement of Accounts for Corby year end 31 March 2021, had not yet been delivered, Grant Thornton were prioritising on other audits and expect to present their Audit Plan to the Audit and Governance Committee on 20 February 2023.

He reported that they had been working on the IT audit and hoped to reach a conclusion to bring to the Audit and Governance Committee on 20 February 2023. Work had also been carried out on Value for Money (VFM) which was not tied up to the Financial Statement. A draft version of the report would be shared with officers for comment shortly. He advised that he could see no significant weaknesses to date but reported that he anticipated that there would be a number of improvement recommendations which is expected with this being the first year of the Council being in existence.

Paul Harvey reported that he had consulted with their quality team and could bring the report to the February Audit and Governance Committee meeting on 20 February 2023, even though Ernst & Young (External Audit) had not yet completed their 2020/21 Value for Money (VFM) work for the legacy Northamptonshire Councils.

Paul Harvey added that the position in relation to the treatment of infrastructure assets and the potential statutory override is not yet finalised and is expected to be settled by 25 December 2022.

The Chair asked Paul Harvey for an update on the recent report from the Financial Reporting Council (FRC) in relation to Major Local Audits and Audit Quality Inspection, and other audit quality reports and specifically the results for Grant Thornton. Paul Harvey reported that there had been 36 inspections and Grant Thornton were subject to 15 of those, which is a reflection of their market share. 12 were deemed passable at the minimum level and 3 had specific issues that did not meet the quality standards. A member commented on the 3 that did not meet the standards required. Paul Harvey advised that these are specific issues and gave the Pension Fund as an example, where they can change their processes and re-issue. He added that he was pleased with the outcome for Grant Thornton.

91 Close of Meeting

Chair

Date

The meeting closed at 4.23 pm