

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

At 2.00 pm on Monday 27th November, 2023 in the  
Council Chamber, The Cube, George St, Corby NN17 1QG

### **Present:-**

#### Members

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

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
Mark Stocks	Grant Thornton – External Audit
David Watts	Executive Director for Adults, Communities and Wellbeing
Matthew Jenkins	Assistant Director for Commissioning and Performance
Callum Galluzzo	Democratic Services

### **137 Apologies for non-attendance**

Apologies for non-attendance were received from Adele Wylie, Monitoring Officer and Councillor Kirk Harrison.

### **138 Members' Declarations of Interests**

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

No declarations were registered.

### **139 Minutes of the meeting held on 25th September 2023**

An update was provided to members by the Finance Assistant Director in relation to the Statement of Accounts 2020-21 (Corby Borough Council).

It was heard that the Corby Borough Council accounts for 2021 remained unsigned by external auditors Ernst & Young. It was heard that an update provided by the external auditors stated that the accounts were still going through their professional practise team for review in relation to the prior period accounting adjustments and that sign off is expected before Christmas.

An update was also provided in relation to the Northamptonshire County Council accounts which stated that the accounts were still outstanding and should be signed off before Christmas.

Members and officers raised concerns and shared disappointment in the length of time taken to sign the accounts.

Mark Stocks introduced himself to the committee as a partner at Grant Thornton, external auditor. Mark Stocks stated to members that there remained a nationwide resource issue for auditors. There remained a major backlog of audits for local governments nationwide with approximately 600 across the country. It was noted that a government 'back-stop' was being proposed, possibly at the end of March 2024 which would result in all accounts up to and including 2022/23 not signed off would have to be disclaimed.

An update on disaggregation in relation to the Northamptonshire County Council balance sheet was also provided which stated that formal arbitration procedures may need to take place in order to determine the split between West and North Northamptonshire Councils of disputed items. It was advised that one of the main area of dispute which may need to be settled by arbitration is £953m.

Members also received an update in relation to ongoing discussions with Northamptonshire Children's Trust (NCT). It was stated that the chair of NNC Audit & Governance had made contact with the chair of the NCT Audit, Finance and Risk Committee (AFRC) and that similar concerns were shared in relation to the adequacy of sources of assurance. It was noted by members that a meeting is being scheduled for December 2023 and that the NCT AFRC Chair, Hillary Daniels, has agreed to attend a future meeting of the NNC Audit and Governance Committee to present views. Members also heard that significant work had also been undertaken at a corporate leadership level in relation to improving the working relationship with NCT and NNC including developing a transformation and efficiency board.

It was then

**RESOLVED** That the minutes of the meeting of the Audit and Governance Committee held on 25<sup>th</sup> September 2023 be approved as a correct record and signed by the Chair.

## **140 Audit & Governance Committee Annual Report 2023**

Members received a report by the Chief Internal Auditor which informed members on the work of the Audit and Governance Committee during the twelve-month period of 1st October 2022 to 30th September 2023 and the means by which the Committee has provided independent assurance to those charged with governance on the integrity of financial reporting and annual governance processes, the adequacy of the risk management framework and the internal control environment.

It was heard that the annual report summarised the work carried out by the Committee in the areas of responsibility defined within its terms of reference. The report reflected upon the Committee's contribution to embedding good governance, internal control and risk management within the organisation during the last twelve months and also

includes the outcomes of a self-assessment of the committee's effectiveness, against the latest Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance, with action plan.

Following debate it was:-

**RESOLVED** that the Committee approve the Annual Report for presentation to Council.

#### **141 Internal Audit Plan Development 2024/25**

Members received a report by the Chief Internal Auditor which sought to provide the Committee with an overview of the proposed Audit Planning process for 2024/25 and consult Members on risk areas for consideration in the development of the Audit Plan.

It was heard that the Internal Audit Service planned to deliver an agreed programme of work during the financial year. The coverage of this work was considered to be sufficient to inform the annual Internal Audit opinion on the Council's governance, risk and control framework. The approach proposed was to be aligned with the Public Sector Internal Audit Standards and included consultation with the Audit and Governance Committee and senior management to develop a risk-based audit plan.

It was heard that the internal audit plan would consider the risk registers to see which identified risks were assessed as significant for the council across the various directorates within both the strategic risk register but also at a directorate level as well as the fraud risk register.

Members were invited to submit any areas of consideration for the audit development plan, and it was noted that the plan once developed would come back to the Audit & Governance Committee in April 2024 for further consideration. Members were in agreement that an Audit Plan Development workshop take place in February 2024 to form part of the process.

Following debate it was

**RESOLVED** That the Committee noted the proposed approach to development of the Internal Audit plan for 2024/25 and would highlight any risk areas for consideration in the planning process, where the Committee seeks assurance in the year ahead.

#### **142 Strategic Risk Register update**

Members received a report from the Chief Internal Auditor which sought to provide the committee with a quarterly update on the Council's Strategic Risk Register entries. It was noted that the Council's Risk Management Strategy defined the Council's risk management approach and the practices required to make it work. Quarterly updates on the Strategic Risk Register were provided for the Audit & Governance Committee. An updated register was provided for the Committee's consideration. The content had

been reviewed by the Corporate Leadership Team, informed and supported by regular review of all directorate level risk registers.

It was heard that the only amendment received in relation to scoring was risk 16 (Breaches of health and safety responsibilities result in injuries/harm to staff, tenants or service users.) It was noted that the Inherent score had been reduced from 25 to 15 due to reduced impact (reduced from 5 to 3).

It is noted that corporate plans were in place to lower risk and development of our safety management system (SMS) was ongoing. Officers had started to carryout audits this year to measure compliance with and effectiveness of the SMS.

Following debate it was:

**RESOLVED** that the Committee noted the risk management update.

### **143 Internal Audit Progress Report**

Members received a report which provided 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 heard that the Internal Audit plan of work was subject to ongoing review and prioritisation to ensure it continues to focus on the Council's key risks. Since the last meeting of this Committee, five audit reports have been finalised and the key findings were summarised.

It was noted that during the 2023/24 financial year to date, 43% of the planned audits have been delivered to at least draft report stages and a further 33% is in fieldwork stages. This reflected that delivery was broadly on track for this stage in the year.

A summary of an internal audit in relation to starters and leaves was provided to members in order to gain assurances over how the council is supporting individuals when they join the council and also ensuring that the correct controls were in place for when individuals leave the council. It was noted that there were good processes in place in all areas of covered by the audit, however there was a need for improvement that was reflected in the moderate assurance opinion for the control environment including the formalisation of the return of IT equipment and access requirements. A moderate assurance on the design of the controls was given and a good level of compliance overall with a low organisational risk based on the overall findings.

The next audit summary provided to members was in relation to IT strategy and governance. It was noted that a draft strategy was in place and was being actively reviewed at senior management level. Further levels of development had been identified. Overall, a moderate level of assurance was identified.

Another audit summary was provided in relation to external placements in adult social care which was identified as an area of significant spend for the council. It was confirmed that there was a range of contracts in place and a number of procurement frameworks with a move towards dynamic purchasing systems. It was noted that the quality board had been set up to give some assurance over the contract management arrangements and the embedding of the revised contract management framework. During the audit process it was found that there was a significant use of spot purchases outside of the existing contracts. It was noted to members that a limited assurance had been given in terms of the control environment due to the extensive

use of spot purchases. Members heard that the high priority action around the use of spot purchases had now been marked as implemented.

David Watts, Executive Director for Adults, Communities and Wellbeing and Matthew Jenkins, Assistant Director for Commissioning and Performance attended the meeting to provide the committee with levels of assurance in relation to the internal audit on external placements in adult social care.

Members heard that the brokerage team had implemented a new contract in October 2023 for home care providers where the most instances of spot purchases were present. This contract now includes 114 home care providers which allows for greater capacity to draw upon in terms of contracted providers. Additional controls had also been implemented in relation to the utilisation of spot providers where authorisation is now required from senior management before spot purchases can be made. It was noted that the utilisation of spot providers had decreased significantly since these measures had been implemented. A brokerage dashboard had also been introduced to allow greater performance information and oversight.

One key area of the internal audit was in relation to the reliance upon interim roles. Following this it was noted that a draft structure had been formed which would move away from interim roles. This process was ongoing with a live consultation before job matching colleagues to permanent substantive roles can take place.

Members sought to clarify the controls were in place in relation to the authorisation of spot purchases. It was noted that robust controls were now in place and that there had been significant work undertaken in relation to market engagement where there had been major improvements on providers joining the council framework as a result. Members heard that frameworks regularly open and officers were increasingly finding that providers are wishing to join the frameworks due to the Council's broader offer, including help and support for providers. It was heard that by recommissioning the homecare framework there had been a reduction in spot packages of 80%.

An audit summary was then provided in relation to UK Shared Prosperity fund where a good level of assurance was given in terms of the design of the controls. One area where recommendations was made was in relation to checks on business grants which was a fraud related control.

Members then heard that since the last meeting of the Audit and Governance committee there had been 17 confirmed implemented actions by officers. 4 recommendations were high priority and over three months overdue.

It was noted to members that within the audit coverage accounts payable / creditors system needed to be incorporated into the coverage for the year by NNC Internal Audit. Members heard that previously these had been audited by other authorities, however it had been agreed that those audits would be rotated between authorities. As a result it was necessary to remove 5 audits from the plan, but the Chief Internal Auditor conformed that there remained sufficient audit coverage to provide an overall opinion.

Following debate it was

**RESOLVED**

That the committee noted the progress report and approved the proposed amendments to the audit plan coverage for 2023/24, to include a 60 day audit of the

shared creditors system and postpone the five specified audits from the plan.

**144 Audit & Governance Committee Terms of Reference**

Members heard that the report in relation to the Audit & Governance terms of reference had been withdrawn before being brought back for consideration by the Audit & Governance Committee at the next meeting in February 2024.

**145 Urgent Items**

None

**146 Close of Meeting**

The meeting closed at 3.41 pm

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Chair

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Date