

Minutes of the Audit and Governance Committee

held at 2.00 pm on Monday 8th November, 2021 in the
in the Council Chamber, Cedar Drive, Thrapston, NN14 4LZ

Present:-

Members

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

Officers

Janice Gotts (Executive Director of Finance (s151 Officer))
Claire Edwards (Assistant Director of Finance and Accountancy)
Adele Wylie (Director of Legal and Democratic)
Rachel Ashley-Caunt (Head of Internal Audit and Counter Fraud)
Neil Harris (Ernst & Young – External Audit) Associate Partner
Fiona Hubbard (Senior Democratic Services Officer – Committee Administrator)
Raj Sohal (Democracy Officer).

15 Apologies for non-attendance

It was noted that apologies for absence had been received from Councillors Ian Jelley and Peter McEwan. Councillor Paul Marks attended as Substitute for Councillor Ian Jelley.

Apologies were also received from Ciaran McLaughlin (Grant Thornton).

16 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.

17 Minutes of the meeting held on 27 September 2021

RESOLVED:-

- (i) The minutes of the Audit and Governance Committee held on 27 September 2021, be confirmed as a correct record and signed.

Chair's Announcements

A finance and accountancy training session would be held for members of the Committee on Monday 10 January 2022 at 1:00 pm prior to the next meeting of the Audit and Governance Committee and are planned to be held before all future committees of Audit and Governance.

18 **Code of Corporate Governance**

The Committee considered a report of the Director of Legal and Democratic, the purpose of which was to approve the Local Code of Corporate Governance.

The Director of Legal and Democratic presented the report and explained the purpose of the Corporate Code of Governance, which provides a public record of how the authority meets its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. The document is a framework linked to guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) supported by the seven Principles for the Conduct of Individuals in Public Life. The Committee would ordinarily receive the Corporate Code of Governance annually.

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

- i) The following alterations be made to the Corporate Code of Governance:
 - Pages 2 and 3 – the foreword and introduction – add the word **reasonable** so it reads 'highest **reasonable** possible standards';
 - Page 17 – Robust Internal Control – include the Council's **Internal Audit Charter**;
 - Page 21 – incorporate the Council's sources of assurance and how we get this from **Internal Audit**;
 - Re-formatting of the flow chart and bullet points in the document.
- ii) Delegation be given to the Director of Legal and Democratic to make minor amendments, in accordance with the Committee's wishes.
- iii) Going forward, Assurance Mapping be used.

RESOLVED:-

- (i) The Audit and Governance Committee approved the Code of Corporate Governance and delegation be given to the Director of Legal and Democratic to make minor amendments, in accordance with the Committee's wishes.

19 **Audit Results Report 2020-2021 - Borough Council of Wellingborough**

The Committee considered a report of the Assistant Director of Finance and Accountancy, the purpose of which was to approve the draft ISA 260 Report in relation to the Statement of Accounts for the Borough Council of Wellingborough for 2020-2021 and the Council's draft Management Representation Letter.

The External Auditor, Neil Harris, presented the report which set out the Audit Results Report and reported no specific weaknesses. He reported that he was just in receipt of a letter of assurance in relation to the Pension fund for 2020-2021 and this would be reported through to officers.

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

- i) It was noted that a number of queries were still outstanding from the Kettering Borough Council accounts. The External Auditor clarified that these were in relation to officer capacity and debtors and grants. He reported that the Statement of Accounts for Kettering Borough Council and Borough Council of Wellingborough should conclude by the next Full Council meeting in December;
- ii) An outstanding outcome was still awaited from the external auditor's Real Estate Team;
- iii) The conclusion of the NDR Debtors disclosed in the accounts which did not agree with the NNDR Model, with an understatement of £1,022k, had been satisfied, and resulted in a reclassification between debtors and creditors;
- iv) The Committee sought assurance from the Chair that he was happy to sign the Management Representation Letter. The Chair confirmed he was and that he placed reliance on officers, the work of the external and internal auditors and his own professional background.

RESOLVED:-

- (i) The Audit and Governance Committee received the Provisional Audit Results Report to those charged with governance and approved the draft Management Representation Letter;
- (ii) Delegate any adjustments to the draft Management Representation Letter to the Council's Chair of the Audit and Governance Committee, in consultation with the Executive Director of Finance (s151 Officer).

20 Draft Statement of Accounts 2020-2021 - Borough Council of Wellingborough

The Committee considered a report of the Assistant Director of Finance and Accountancy to receive and approve the draft Statement of Accounts in relation to the Borough Council of Wellingborough for 2020-2021.

The Assistant Director of Finance and Accountancy presented the report and explained the key areas and points in the draft Statement of Accounts.

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

- i) Going forward, the Committee would like to receive a clearer narrative in this type of key document, and if possible to summarise and distil into a few pages of summary, explaining e.g. where income comes from, how it

is spent and utilised, with any risks easily identifiable; to make it easier for the reader to identify key points. This would also assist the Committee in discharging their duties. The narrative report could be the main area of focus and could also be easier for members of the public to understand and relate to.

RESOLVED:-

- (i) The Audit and Governance Committee approved the draft Statement of Accounts for the financial year 2020-2021 for the Borough Council of Wellingborough, subject to the conclusion of the audit and that there are no material adjustments that impact on the Council's usable reserves;
- (ii) Any non-material adjustments required to the draft Statement of Accounts in relation to the Borough Council of Wellingborough be delegated to the Councils Executive Director of Finance (s151 Officer), in consultation with the Chair of the Audit & Governance Committee.

21 Audit Plan 2019-2020 - Corby Borough Council

The Committee considered a report of the Assistant Director of Finance and Accountancy to present the Audit Plan in relation to the Statement of Accounts for Corby Borough Council for 2019-2020 and the work currently being undertaken by the External Auditor, Ernst & Young.

The External Auditor, Neil Harris, presented the report and gave an overview of the document in relation to risks, investment, pension, planning materiality and going concern considerations.

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

- i) In relation to valuations, the Committee would like to see an Asset Register for North Northamptonshire to show what the Council owns. The Executive Director of Finance (s151 Officer) confirmed this was being finalised;
- ii) A concern was raised regarding the scale fees to Ernst & Young. Neil Harris gave a full explanation and stated they expect to make a loss with the work they are undertaking. They would continue to deliver to their professional standards and would always safeguard their reputation. It was noted that Audit fee variations are a decision of Public Sector Audit Appointments Limited (PSAA) and a decision was awaited in relation to fees.

RESOLVED:-

- (i) The Audit and Governance Committee noted the Audit Plan for Corby Borough Council for 2019-2020.

22 Draft Statement of Accounts 2019-2020 - Corby Borough Council

The Committee considered a report of the Assistant Director of Finance and Accountancy to receive and approve the draft Statement of Accounts in relation to Corby Borough Council for 2019-2020.

The Assistant Director of Finance and Accountancy presented the report and explained the key areas and points in the draft Statement of Accounts.

RESOLVED:-

- (i) The Audit and Governance Committee noted the draft Statement of Accounts for the financial year 2019-2020 for Corby Borough Council.

23 Audit Plan 2019-2020 - East Northamptonshire Council

The Committee considered a report of the Assistant Director of Finance and Accountancy to present the Audit Plan in relation to the Statement of Accounts for East Northants District Council for 2019-2020 and the work currently being undertaken by the External Auditor, Ernst & Young.

The External Auditor, Neil Harris, presented the report and gave an overview of the document in relation to fraud risks, investment, pension and going concern. He reported that the audit was making good progress and thanked the officers involved. The final audit results report was expected for the Audit and Governance Committee in January 2022.

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

- i) The Committee referred in general to contracts of work with external companies and joint ventures and how do the Council know they are getting value for money. The External Auditor confirmed that External Audit look at the arrangements in place and obtain information from management reporting which should capture issues. The Chair added that this would also be monitored in other areas such as Scrutiny and Internal Audit.

RESOLVED:-

- (i) The Audit and Governance Committee noted the Audit Plan for East Northants District Council for 2019-2020.

24 Draft Statement of Accounts 2019-2020 - East Northamptonshire Council

The Committee considered a report of the Assistant Director of Finance and Accountancy to receive and approve the draft Statement of Accounts in relation to East Northants Council for 2019-2020.

The Assistant Director of Finance and Accountancy presented the report and explained the key points in the draft Statement of Accounts.

RESOLVED:-

- (i) The Audit and Governance Committee noted the draft Statement of Accounts for the financial year 2019-2020 for East Northants District Council.

25 Future of External Audit

The Committee considered a report of the Assistant Director of Finance and Accountancy to consider the options for appointing the external auditor and to endorse a recommendation to opt into the national sector-led arrangements and nominate Public Sector Audit Appointments Limited (PSAA), to appoint external auditors on the Council's behalf.

The Assistant Director of Finance and Accountancy presented the report.

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

- i) It was asked if this was a backward step after Councils looked to procure services locally in the past. The Executive Director of Finance (s151 Officer) responded that this would have been appropriate with the smaller Sovereign Councils but given the size of the Council another approach would be more appropriate to ensure value for money is obtained and appropriate professional standards.

RESOLVED:-

- (i) The Audit and Governance Committee endorsed to opt into the national sector-led arrangements and nominated Public Sector Audit Appointments Limited (PSAA), to appoint the external auditor on its behalf.

26 Internal Audit Progress Report

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

The Head of Internal Audit and Counter Fraud presented the report and explained the key points in the Internal Audit Progress Report.

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

- i) A delay in the audit of safeguarding was noted within the report. The Head of Internal Audit and Counter Fraud explained that this was now underway and had been adjusted to coincide with the appointment of the new Director for that service. It was noted that this was a key risk area;
- ii) The work for the unreconciled banking items for East Northamptonshire Council and Corby Borough Council was in progress with not much outstanding;

- iii) A concern was raised by the Committee about how the Council resource the Internal Audit Plan, together with priorities, and should it be reviewed and revised, with the Chief Internal Auditor. The Chair, Vice Chair and Councillor Richard Levell volunteered their time if a meeting was required for a review. The Executive Director of Finance (s151 Officer) advised that she was comfortable with the Audit Plan as set out, but it did need a review part way through the year. She added that it was a resource issue, but the Chief Internal Auditor would have flexibility to move staff around and prioritise where risks were apparent.

RESOLVED:-

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

27 Strategic Risk Register Update

The Committee considered a report of the Head of Internal Audit and Counter Fraud with a quarterly update on the Council's Strategic Risk Register entries.

The Head of Internal Audit and Counter Fraud presented the report and explained the key points in the Strategic Risk Register Update Report.

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

- i) In relation to Sustainable Finances (Medium Term) for 2021-2022, the Executive Director of Finance (s151 Officer) clarified there was no significant risk for 2021-2022;
- ii) Concerns were raised in relation to organisational capacity with current job vacancies and lack of any progress on internal staff structures and would like to know what new job positions are needed;
- iii) In relation to staff vacancies, the Director of Legal and Democratic briefed the committee with the background to the work involved and reported that some of the positions are "false" vacancies. She agreed to issue the information to the Committee, once finalised, as this was imminent;
- iv) After clear data was received by the Committee regarding job vacancies, it was felt this should then be put through Scrutiny and an assessment of the impact of vacancies on the control environment.

RESOLVED:-

- (i) The Audit and Governance Committee noted the update on the Strategic Risk Register.

28 Exempt Items

None notified.

29 Close of meeting

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

Chair

Date

The meeting closed at 4.20 pm