

Minutes of the Audit and Governance Committee

Monday 14th March, 2022

at 2:00 pm in the Council Chamber, Cedar Drive, Thrapston, NN14 4LZ

Present:-

Members

Councillor Andrew Weatherill (Chair)

Councillor Matt Binley

Councillor Ian Jelley

Councillor Richard Levell

Councillor Kirk Harrison (Vice Chair)

Councillor Anne Lee

Councillor Russell Roberts

Officers

Claire Edwards (Assistant Director of Finance and Accountancy)

Rachel Ashley-Caunt (Chief Internal Auditor)

Fiona Hubbard (Senior Democratic Services Officer – Committee Administrator)

Raj Sohal (Democracy Officer)

Also in attendance – Councillor Lloyd Bunday, Portfolio Holder for Finance and Transformation and Councillor Bert Jackson.

42 Apologies for non-attendance

It was noted that apologies for absence were received from Councillors Addison, Pengelly and Watt.

Apologies were also received from Neil Harris (Ernst & Young) and Ciaran McLaughlin (Grant Thornton) – External Auditors.

43 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.

44 Minutes of the meeting held on 31 January 2022

RESOLVED:-

- (i) The minutes of the Audit and Governance Committee held on 31 January 2022, be confirmed as a correct record and signed.

Update – Legacy Accounts

The Assistant Director of Finance and Accountancy updated the Committee on the legacy accounts for the previous Sovereign Councils.

She was able to confirm that the accounts for the Borough Council of Wellingborough had been signed off and was hopeful that the accounts for Kettering Borough Council would also be signed off shortly.

In relation to Corby Borough Council, officers were working with the valuer to go through any queries in relation to the asset valuation and the accounts would then be “soft closed” and the draft accounts for 2019/20 and 2020/21 were due shortly. For East Northamptonshire District Council, officers were similarly working with the valuer in relation to any queries for 2019/20 and 2020/21.

Several comments were made by the Committee in relation to the lack of progress in relation to the accounts and associated audits and what could be done to resolve this. The Assistant Director of Finance and Accountancy explained the reasons behind the delay and there had been a lack of resources on both sides.

45 Internal Audit Plan 2022-2023

The Committee considered a report of the Chief Internal Auditor with the draft Internal Audit Plan for 2022/23 which would form the schedule of work for the Internal Audit team for the financial year.

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

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

- (i) A question was raised if more time was required for engagement with the schools forum and pro-active support, housing repairs and ICT asset management and the Chief Internal Auditor explained in detail the breakdown and justification of the audit days scheduled;
- (ii) The Committee was concerned with the challenge that vacant posts for internal audit still needed to be recruited to following the disaggregation of the shared internal audit service. The Chief Internal Auditor clarified that the advert for vacancies was to go out as soon as possible. She was keeping this under review but in the meantime, she confirmed she did have staff with experience and also access to experienced contractors who had worked with the former Sovereign Councils of the Borough Council of Wellingborough and Kettering Borough Council who she can rely upon to provide resource;
- (iii) The decision to move towards “real time assurances” referred to in the report was welcomed as a modern and proactive approach. She would report findings back to the Committee. She would also be happy to consider any particular risks highlighted by the Committee.

RESOLVED:-

- (i) The Audit and Governance Committee approved the Audit Plan for 2022/23.

46 Internal Audit Progress Report

The Committee considered a report of the Chief Internal Auditor 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 presented the report and explained in detail the key areas and points within the progress report.

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

- (i) A concern was raised that two Sovereign Councils had no effective control account reconciliations for housing benefits completed during the financial year 2021/22;
- (ii) In relation to the bank reconciliations and Housing Benefits and Council Tax, it was noted the difficulties to control 4 separate teams and different systems. The Committee would like assurance at the next meeting of the Audit and Governance Committee in May that these matters are resolved;
- (iii) It was noted that 38% of the audit work was still underway. The Chief Internal Auditor explained how the fieldwork for the audits was reviewed and how she oversaw the work. She was hopeful that the majority of fieldwork would be completed by the end of March;
- (iv) A query was raised as to whether the Internal Audit Team have access to software which can provide reports on management actions. The Chief Internal Auditor confirmed that audit software was in use and she would be happy to take feedback from the Committee as to any further details or data they wished to see in future progress reporting;
- (v) The Chair asked the Internal Auditor if sufficient audit work will have been completed to enable an overall audit opinion to be reached for the Annual Governance Statement. She responded that there would be sufficient coverage to report an overall opinion.

RESOLVED:-

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

47 Strategic Risk Register Update

The Committee considered a report of 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 in relation to the risk management update within the Council's Strategic Risk Register.

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

- (i) A query was raised in relation to what process was applied for any risks identified as requiring escalation to the Strategic Risk Register. The Chief Internal Auditor reported that directorate management teams own their own risk registers and they are encouraged to propose any emerging risks that require escalation. Some risks may be escalated because they are cross cutting, affecting multiple service areas, and others may be because their risk likelihood or impact is so sufficient that it poses an organisational risk. The risks identified in escalation are then considered by the Council's Leadership Team for inclusion on the Strategic Risk Register. The Committee asked the Chief Internal Auditor to highlight to the Leadership Team the need to embed a risk management culture across the organisation in order to continue to develop risk management and its effectiveness;
- (ii) A comment was made with regards to legacy issues. The Chief Internal Auditor explained that these are weaknesses that the Council has inherited which now have to be dealt with. Four legacy revenue and benefit systems was an example given for which internal audit would have a part to play in relation to improvements to these systems.

RESOLVED:-

- (i) The Audit and Governance Committee noted the risk management update.

48 Payments Investigation - East Northamptonshire

Exclusion of the Press and Public

A resolution to exclude the press and public was proposed and seconded.

RESOLVED:

In accordance with Section 100A(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the meeting during consideration of the item on the grounds that it would involve the likely disclosure of exempt information of the description shown in Schedule 12A, under paragraph 7 – Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

The Audit and Governance Committee received and considered the report in relation to a Payments Investigation at East Northamptonshire District Council, which was presented and explained by the Assistant Director of Finance and Accountancy.

RESOLVED:-

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

49 Close of Meeting

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

Chair

Date

The meeting closed at 3.22 pm