



Minutes of a meeting held remotely of Audit Committee held on 29 October 2020

Councillors present:

Patrick Coleman – Chair

Stephen Andrews
Tony Berry
Ray Brassington

Mark Harris
Nick Maunder
Ray Theodoulou

Officers present:

Chief Finance Officer
Assistant Director - SWAP
Counter Fraud Manager

External Auditors – Grant Thornton
Democratic Services

AUD.20 Apologies were received from Councillor Roly Hughes

AUD.21 **Substitute Members** – Councillor Brassington substituted for Councillor Roly Hughes

AUD.22 **Declarations of Interest**

No declarations of interest were received from Members or Officers.

AUD.23 **Minutes of the meeting held on 30 July 2020**

The Chair put forward some amendments to the Minutes as follows:

Minute No. AUD.7 – External Auditor Assurance – second paragraph to read:

‘Members agreed to add to the response to Grant Thornton:

- (a) that the current Interim Chief Executive is also an Executive Director of Publica;
- (b) reference to how the Council will deliver against the forthcoming Corporate Strategy (to be considered by Council in September);
- (c) reference to the 2019 LGA Peer Review report.”

- (d) it was recognised that the Council should meet its obligation regarding value for money and this will be reflected in the budget in February, together with information on the response to the Covid-19 emergency.

RESOLVED that the Audit Committee delegates responsibility to the Chief Finance Officer to complete the response to Grant Thornton, incorporating the changes approved at the meeting.'

Minute No. AUD.8 – External Auditor Report to read:

'The Director of Grant Thornton introduced this report which set out a summary of risks identified on the Council's financial statements and value for money arrangements. He explained that the audit of the accounts will be done remotely as officers were continuing to work from home.

Replace from third sentence beginning "Concerns relating to..." through to the end of paragraph (e) with

'He confirmed that the Covid-19 emergency has created challenges in the accurate valuation of land, buildings and investment properties. Gaining assurance in these areas will require the External Audit team to carry out more work this year than in other years. The "materiality" level this year will be £790,000 (1.9%). The team will be looking at the Council's Medium Term Financial Plan and the Council's response to the Covid-19 emergency. He drew attention to the further increase in the fee that Grant Thornton propose to charge to the Council, to £45,000, and noted that the fee will be set by PSAA (Public Sector Audit Appointments Ltd).

In response to questions about the Gloucestershire Pension Fund valuation as at March 2019, he confirmed that this was received in March 2020 and noted that he is also the Appointed Auditor for the Gloucestershire Pension Fund; he confirmed that the Auditors will be challenging the Pension Fund valuations and accounts in the context of changes in investment markets and the effects of Covid-19

In response to a question as to why the materiality level is set at such a high level, he explained that auditors usually set this between 0.5% and 2.0%. The selection of 1.9% for the Council reflects its status as a public service body with a well-resourced finance team and good controls, and the absence of pressures to mis-state accounts which can be present in private sector bodies. The auditor also applies a "trivial" level, at 5% of the materiality level (so about £40,000) and will report anything found above this lower level.'

RESOLVED that the report be noted and the Committees strong disappointment with the proposed audit fee be recorded.'

Subject to these amendments, it was

RESOLVED that the minutes of the meeting of Committee held on 30 July 2020, be approved

Record of Voting - for 5, against 0, abstention 0, absent 2.

Councillor Mark Harris, recorded his vote as approved, he joined the meeting on 30 July 2020 at 4.50pm, and did not hear minute no. AUD.7.

AUD.24 Chair's Announcements

The Chair announced that there would be an additional Committee to be held on 26 November 2020.

A training session which was being presented by SWAP, was to be held virtually on 26 November 2020 between 9.30am-1.00pm. This would cover Audit and Counter Fraud.

AUD.25 Public Questions

No questions had been received from the Public.

AUD.26 Member Questions

No questions had been received from Members.

AUD.27 Called in Decisions

No executive decisions had been the subject of Call-In since the Committee's previous Meeting.

AUD.28 External Auditor Update Report

The external auditor gave an update. Good progress had been made since the Committee was updated in July 2020, despite the challenges Covid-19 had presented and the impact this had had on the work on the audit of the accounts. He highlighted the Redmond review, which contained some strong recommendations, mentioning the Code of Audit Practice, which will come into effect from Audit year 2020/21.

Members highlighted issues with Covid-19 and whether there were opportunities to draw upon the expertise from a wider geographical area, to support the audit of the accounts. The Chief Finance Officer explained that across Gloucestershire the Chief Finance Officers are in weekly contact in relation to Covid 19 and this provides an opportunity to discuss progress of external audits, a representative of G-First Lep is also present at the meetings, to provide a link with the business community. The Auditor recognised that Covid-19 was adding additional pressure.

RESOLVED that the Grant Thornton Audit Progress and Sector Update Report be noted.

Record of Voting - for 7, against 0, abstention 0, absent 0.

AUD.29 Internal Audit Annual Plan 2020/21 and Progress Report

The Assistant Director of SWAP introduced the report and explained that there were two parts to the report. The audit plan was due to be presented in April 2020, although due to Covid-19 this was not possible, the plan had been streamlined and audits would be on track for 2020/21. Homeworking due to Covid-19 was included in the plan. Other issues which were considered for inclusion in the plan were the governance and financial arrangements in place for UBICO and the Council's response to the Peer Review. These could be included in the 2021/22 audit plan.

The progress on the plan was discussed. Procurement and commissioning would require a further follow-up audit in 2020/21 to follow up on improvements to processes around contracts. Members requested monitoring on sickness absence, although it was pointed out that very few staff were employed by the Council, most were now employed by Publica.

The use of volunteers was discussed, with the Council having a proper due process and policy for people to seek a volunteer role with the Council.

RESOLVED that

- (a) the revised 2020/21 Internal Audit Annual Plan be approved;**
- (b) that the comments made on the Progress Report be noted.**
- (c) discussion with the relevant Cabinet Member, should take place, to develop a policy and correct process for the use of volunteers within the Council.**

Record of Voting - for 7, against 0, abstention 0, absent 0.

AUD.30 Counter Fraud Unit Report

The Counter Fraud Manager introduced the report explaining that the CFU had been supporting workstreams as a consequence of the pandemic, such as counter fraud activity around the business grants. An officer was engaged full time on the post payment assurance work in this particular area.

Enforcement and counter fraud activities more generally were also highlighted.

Councillors queried the entry on the work plan which referenced 'Water Park Review', the Counter Fraud Unit Manager outlined that a review had been carried out of audit information provided in relation to occupancy in holiday lets and second homes. A report had been issued to the Interim Chief Executive for consideration.

The Investigatory Powers Commissioner's Office had completed their inspection regarding the Councils arrangements and processes in relation to the use of the Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016. The Council had received a good report with

a high level of compliance.

RESOLVED that the report and work plan be noted, with appreciation.

Record of Voting - for 7, against 0, abstention 0, absent 0.

AUD.31 Corporate Risk Registers

The Chief Finance Officer introduced this report. The risks had been updated to reflect the Covid-19 pandemic.

Councillors considered that the risk register should reflect the delivery of the new corporate plan rather than generic risks which were not specific to the plan. The Officer explained that the risk policy was currently being revised, and when the review was completed key risks will reflect the new Risk Policy.

Concern was expressed in relation to Cyber attacks. An internal audit report would be presented to the Committee in January 2021.

Concern was also expressed with contractors not complying with health and safety and whether the Council made spot checks. The Assistant Director SWAP would review this.

RESOLVED that the updates and comments on the Council's corporate risk register, be noted.

Record of Voting - for 7, against 0, abstention 0, absent 0.

AUD.32 Update on Sir Tony Redmond Report

This report was presented to the Committee for information purposes. Sir Redmond had made recommendations in relation to the timing of the completion of accounts, to be the end of September; independent members of the Audit Committee; simplifying accounts in order for the public to be able to understand them. Key points were that some reports would have to be presented to Full Council rather than being reported to the Audit Committee and the level of fees charged for the audit of the Council's financial statements would increase.

RESOLVED that the report be noted.

AUD.33 Work Plan

Briefing session on the effectiveness of the Audit Committee which was recommended good practice.

Briefing session on Corporate Risk and Risk policy.

Record of Voting - for 7, against 0, abstention 0, absent 0.

AUD.34 **Other Business**

There was no other business that was urgent.

The Meeting commenced at 4.00pm and closed at 6.00pm.

Chair

(END)

Unconfirmed