

Audit Committee
23/November2021



COTSWOLD
DISTRICT COUNCIL

Minutes of a meeting of the Audit Committee held on Tuesday, 23 November 2021.

Councillors present:

Patrick Coleman
Stephen Andrews
Tony Berry

Nigel Robbins
Mark Harris
Nick Maunder

Ray Theodoulou

Officers present:

Jenny Poole, Deputy Chief Executive
Michelle Burge, Chief Accountant
Emma Cathcart, Head of Service, Counter
Fraud and Enforcement Unit
Caleb Harris, Strategic Support Officer -
Democratic Services

Angela Claridge, Interim Monitoring Officer
Mike Butler, Strategic Support Officer - Land,
Legal and Property – Publica
Peter Barber, External Auditor – Grant
Thornton
Helen Lillington – Grant Thornton

Observers: Councillor Mike Evely, Deputy Leader of the Council and Cabinet Member for Finance

103 Apologies

There were apologies provided from Senior Democratic Services Officer, Ben Patel-Sadler due to unforeseen circumstances preventing attendance.

Councillor Harris, Councillor Theodoulou, and Councillor Robbins also gave apologies to the Chair as they would have to leave the meeting early.

104 Substitute Members

There were no substitute Members.

105 Declarations of Interest

There were no declarations of interest from Members or Officers present.

106 Minutes

The Chair read out the changes to the minutes circulated to officers in advance of the meetings

Democratic Services undertook to change the minutes in accordance with the document circulated to the Committee and to Officers

RESOLVED: that subject to the amendments being made, the minutes are a true and accurate reflection of the previous meeting on the 21st October 2021.

Voting Record

7 for, 0 against, 0 abstention

107 Public Questions

There were no public questions

108 Member Questions

There were no Member questions.

109 Statement of Accounts 2020/21

The Deputy Chief Executive started by expressing thanks to Officers and Grant Thornton for their work.

Chief Accountant opened the item for the Statement of Accounts which included an updated version of the Accounts which had been first presented to the Audit Committee in July. The Chief Accountant stated that there had been some minor corrections and changes of a disclosure and narrative nature only as outlined in the document pack from the external auditors.

The Chief Accountant outlined Annex A which included suggestions for amendments to the Statement of Accounts from Grant Thornton, Annex C which included comments and queries from Members with responses from Officers in respect of the draft Statement of Accounts and Annex D which outlined the Annual Governance Statement, tracking changes between the current and prior year Statement

The Committee thanked report authors for highlighting changes made which had made analysing the document easier for Members. There was a query from the Committee regarding the order of questioning on the documents presented.

The Chair outlined how the report from Grant Thornton (Annex A) would have questions to the External Auditor, and then the other documents presented would have questions to Chief Accountant and Deputy Chief Executive.

The Committee asked about the figures and how they are presented with the document. An example was raised regarding the revised budget being £1.68 million less than the original budget, and wishing to note what the outcome of these lower figures means.

The Deputy Chief Executive recognised the point made, but highlighted that the document was circulated in July for Members of the Committee to review, raise questions and make suggested changes to the Statement of Account. It was further reported that any changes would need to go back to Grant Thornton for review before the Accounts would be approved and the external audit opinion issued. A commitment was made to take any other questions outside of the meeting for individual queries.

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The External Auditor opened by reiterating the points from the Progress Report made from the previous meeting. The auditor spoke regarding the Audit Findings report in Annex A, and how progress had been made.

It was highlighted by the External Auditor that whilst work was on track before this meeting, staff absences meant that the closing procedures have not been concluded. Following discussions with Officers at the Council, the sign off for these procedures are now due to be completed in early December, however this could be January if the staff absence remains an issue.

The Committee asked whether the documents in Annex A were draft findings or the final version of the Audit Findings Report.

The Chair outlined that this was the final wording other than some outstanding issues.

The External Auditor outlined parts of Annex A which require resolution, for example financial instruments. The outstanding items are relatively immaterial to the Accounts and should be completed once the staff absence is resolved.

The Chair referred to Annex A and Appendix E regarding responsibilities for governance arrangements and the financial reporting process.

The External Auditor referred to the wording within the document providing assurance that the Accounts are materially accurate and that all regulations are being adhered to. However, the External Auditor recognised that the terminology and the narrative was difficult to read and understand due to the technical language which had to be used.

The Chair then moved the Committee to Appendix F and outlined suggested changes to the wording of the Management Letter of Representation. The External Auditor thanked the Chair for pointing out the changes within the draft, and stated that when the opinion is released the changes would be made.

The Committee queried the Value for Money (VFM) arrangements and the wording around financial risks within the document.

The External Auditor outlined changes in the new VFM approach and specifically how financial sustainability is being assessed. An independent assessment would then be reported to the Committee.

The External Auditor however made it clear that work so far does not indicate any negative practices towards the management of finances by the Council. Instead, the report is outlining the areas where there are uncertainties in the financial position of all or many local authorities going forward.

The External Auditor, following further queries, outlined the Audit Plan and the areas of focus. These are financial sustainability, governance, and economy, efficiency and effectiveness with a particular focus on financial sustainability.

The Committee noted that there have been understandable difficulties resulting in the sign-off being delayed. The Committee also noted the misprint of the date for the Audit Findings Report of 31st January 2021 rather than 2022.

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The External Auditor recognised this and noted this for correction.

Following queries from the Committee regarding any updates to the auditor's findings, the Deputy Chief Executive assured the Committee that she would keep Members updated on progress for the sign-off.

The Committee also raised a query in respect of the Whole Government Accounts thresholds referred to in the Audit Findings Report and how far the Council was from those thresholds for the additional audit procedure.

The External Auditor confirmed that the Council was not subject to these more stringent measures.

The Committee also asked about the wording referring the Valuation Report and what the wording of 'read and understood' means going forward.

The External Auditor explained that this referred to the previous year recommendation on the valuation report.

The Committee also noted the 'management response' the Depreciation section of Appendices C.

The External Auditor outlined a number of assets that have been fully depreciated, and how going forward there needs to be more critical evaluation before the end of the useful economic life of assets.

The Committee also referred to Annex B regarding the Statement of the Accounts and the reduction of income from parking and questioned if grant funding being provided had covered the shortfall.

The Deputy Chief Executive responded that the Quarter 2 Finance and Performance report would be presented to the next Overview and Scrutiny Committee and would include detail on this matter.

RESOLVED: that recommendations a), b), c), d), and e) were approved as presented to the Committee.

Voting Record

6 for, 0 against, 0 abstention, 1 absent

110 Corporate Risk Register Update and Updated Risk and Opportunity Management Strategy

The Chair handed over to Strategic Support Officer for Land, Legal and Property at Publica to present the item. It was outlined that this item would come back to future committees as a regular item.

It was outlined that the Corporate Risk Register highlights problems that would impact the Council as a whole.

The Committee asked about the reduction of the risk of flooding due to the introduction of Flood Wardens, and what the assurance could be provided for the reduction of this risk.

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The Deputy Chief Executive updated committee on flood forum that was held on 22nd November and noted that a progress update would be given to the Committee by email.

The Committee questioned the use of flood wardens and how this can offset the risk of events occurring. The Chair clarified this was about the impact of flooding and ensuring a quick response to events are given.

The Committee outlined how some of the risks were very similar, but presented as separate points. The Deputy Chief Executive acknowledged the similarities and agreed to examine a way to combine some of these risks if appropriate.

The Committee raised a question over the Recovery Investment Strategy but following consultation with the Deputy Chief Executive, this was deemed to be the remit of the Overview and Scrutiny Committee.

The Committee raised the issue of the shortage of planning officers which could potentially impact the Council given the public interest in these matters.

The Deputy Chief Executive explained that a number of risk registers existed and as the risk score increased, they would be incorporated on to the Corporate Risk Register.

The Committee asked about risk and the relationship with Publica in terms of how risks are managed.

Deputy Chief Executive indicated that whilst there are some risks that are shared between the Council and Publica, most risks are managed internally by Publica and risk are raised with the Local Management Team on an exception basis.

The Committee raised the issue of cyber security in light of Member briefings given, and asked if the briefings could be repeated.

The Deputy Chief Executive undertook to ensure a second date was set for all Members.

The Committee raised the issue of the title of the document being a 'Risk and Opportunity Register', and what opportunities were going to be examined.

The Deputy Chief Executive informed the Committee that the documents provided included a revised Risk and Opportunity Register, and suggested that the Committee examine this.

The Strategic Support Officer then went through the new Risk and Opportunity management strategy. This also included the new Publica Risk and Opportunity Management Guide. Apologies were given for this arriving on the day of the Committee.

It was explained how the document provides for the review and management of the risks on the register. Any opportunities identified would be brought to the next meeting.

The Strategic Support Officer explained a section on fraud, bribery and corruption would be included in the final section of the Strategy.

The Committee was unsure as to the future status of the register and how it might change.

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The Strategic Support Officer informed the Committee that the register would stay as it is as long as the Committee was happy with this format. Reporting of opportunities would be an iterative process with the Members able to feed in to the development of the reporting. The Committee noted the format of the document, but questioned who this might be designed for, outside of the auditors.

The Chair noted in response that it was important to have a strategy, and it is a first step in identifying the risks and opportunities which was important for management to note.

The Deputy Chief Executive outlined that Publica colleagues use this document for culture and process change within Publica.

Voting Record

5 for, 0 against, 1 abstention, 1 absent

III Annual Governance Statement - Action Plan

The Strategic Support Officer outlined the report setting out the area of focus at the end of the Annual Governance Statement considered earlier. The Action Plan sets out the progress made against these areas of focus.

The Strategic Support Officer pointed the Committee towards the differences between the responsible officer and the accountable officer. The responsible officer taking action to put the necessary measures in place, and the accountable officer receiving the assurance.

The Chair asked a question regarding the courses provided by and any assistance available from the Local Government Association (LGA)

The Interim Monitoring Officer set out training opportunities as part of LGA including the framework for Member Training. The proposal is that the Member Development Charter is adopted for a future member development programme.

The Committee queried the reporting timelines for the Audit Recommendations and the progress to date on this.

The Strategic Support Officer indicated that work on this is ahead of the target set within the Annual Governance Statement.

The Deputy Chief Executive outlined the context behind the Annual Governance Statement and suggested that if the Overview and Scrutiny Committee wished to examine the action plan, this, could be included on the work plan for the Committee.

The Committee asked whether there should be a separate heading for ICT as this was important to the Council's operations.

The Deputy Chief Executive reiterated the role of the action plan to make improvements to the Council's governance arrangements. It was assured that ICT improvements are being made regularly.

RESOLVED that the recommendation to note the progress against items in the Governance Action Plan for 2021/22 is approved

Voting Record

6 for, 0 against, 0 abstention, 1 absent

112 Use of the Internet and Social Media for Investigations and Enforcement Policy

The Head of Service, Counter Fraud and Enforcement Unit outlined that this was the final Policy relating to surveillance activities and followed those which covered the Council's obligations regarding the Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016.

As per recommendations by the Investigatory Powers Commissioner's Office, the overseeing body, the Policy outlines how staff will utilise open source intelligence and social media when investigating criminal offences. The Policy ensures that staff and the public are protected and the correct controls are in place.

The Policy is supported by a comprehensive Procedure Document which will not be publicised. This details who will undertake checks, how these will be recorded and who oversees the activities.

The Committee queried the role of elected representatives with regard to this the use of social media.

The Head of Service provided clarity that this relates to enforcement activities undertaken by staff and that elected members would not be using social media for this purpose.

The Committee asked how authorisation is given for criminal enforcement / investigations to be carried out, and what systems are in place to check this.

The Head of Service confirmed that all referrals are received centrally by the team and there is a triage arrangement in place which controls how cases are handled and are then dealt with.

The Committee asked about how privacy is balanced against the need for access to social media to carry out enforcement and whether there is a role for Members relating to whether enforcement activities are appropriate.

The Head of Service confirmed that the team are only undertaking checks when there is a legitimate reason to do so. In relation to decisions to prosecute any offences, this is a decision made by Legal Services and is based on the public interest and evidential tests, it is not a political decision.

RESOLVED: That the Committee has considered the Policy and has provided comments to Cabinet. .

Voting Record

6 for, 0 against, 0 abstention 1 absent

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113 Annual Ombudsman Letter 2020/21

The Interim Monitoring Officer introduced the Annual Ombudsman Letter which was being presented to the Committee for the first time following changes to the Constitution in July.

The Interim Monitoring Officer set out how the Council has performed well within the findings for authorities in the South West.

The Committee asked whether the spreadsheet was required given that the format was difficult to read within the Document Pack.

The Interim Monitoring Officer agreed to set out a summary in an easier format when is next considered by the Committee. The first worksheet sets out the number of complaints, of which there were 8, and any referrals to the ombudsman and recommendations where there were none.

The Committee questioned the ability of the ombudsman and the power it may have over the authority.

The Interim Monitoring Officer explained that the likely impact of a negative Ombudsman decision would be reputational damage for the Council.

The Committee asked about information being made available to the Overview and Scrutiny Committee as many of these matters would be relevant outside of the Audit Committee

The Chair recognised the role of Overview and Scrutiny in these matters, but highlighted the importance of acting swiftly in these cases.

The Interim Monitoring Officer explained that the information given to Overview and Scrutiny hasn't changed, but it is the first time that the letter has been presented to the Audit Committee

RESOLVED: that the Committee notes the Ombudsman's letter

Voting Record

6 for, 0 against, 0 abstention, 1 absent

114 Work Plan 2021/22

The Deputy Chief Executive informed the Committee that following the meeting of the Capital Programme Investment Board that proposed changes to the CIPFA Prudential code and Treasury Management Code would be presented to the Committee in January 2022.

The Chair agreed to the addition of this item.

It was also noted that the Aged Debtor Analysis report would be presented to the Committee in January 2022 to fulfil the Committee's request.

RESOLVED: The Committee notes and agrees the work plan with the two additions added.

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4 for, 0 against, 0 abstention, 2 absent

The Meeting commenced at 3.59 pm and closed at 6.15 pm

Chair

(END)