



Minutes of a meeting of Audit Committee held on Thursday, 21 July 2022.

Councillors present:

Nigel Robbins - Chair	Nick Maunder
Tony Berry	Tom Stowe
Patrick Coleman	Ray Theodoulou

Officers present:

Jenny Poole – Deputy Chief Executive & Chief Finance Officer
Angela Claridge – Director of Governance
Mandy Fathers – Business Manager, Environment, Welfare and Revenue
Michelle Burge – Chief Accountant
Lucy Cater – Assistant Director, SWAP
Mike Butler – Risk and Compliance Officer
Caleb Harris – Democratic Services
Wayne Smith – Democratic Services

Observers:

Councillor Stephen Andrews

144 Apologies

There were apologies provided from Councillor Gary Selwyn

145 Substitute Members

There were no substitute Members

146 Declarations of Interest

There were no declarations of interest from Members

There were no declarations of interest from Officers

147 Minutes

The Committee reviewed the minutes of the Audit Committee meeting from 28 April 2022.

RESOLVED: The Committee agreed that the minutes were an accurate record of the previous meeting held on the 28 April 2022.

Voting Record - For 5, Against 0, Abstentions 0, Absent 2,

148 Public Questions

There were no public questions.

149 Member Questions

There were no Member questions

150 KPMG LLP Reports - Housing Benefit Subsidy Certification

The purpose of the report was for the Audit Committee to note the outcome of the Housing Benefit Subsidy Grant Certification audit for 2020/2021

The Committee noted that a request had been made for a year on year comparator and this had been provided at the end of the previous year. This was not available for the current year but would be included for the following year.

The Committee commented that a loss of 0.02% on Housing Benefit Subsidy was an exceptionally good achievement, especially considering the main IT system was replaced, and all data, was transferred to a new system during this period.

The Committee noted that of the £329,000 total Recoverable Overpaid Benefits, £110,000 had been recovered by the Council and the remainder would be recovered in the future (months and years) until all recoverable debt is repaid. Debts are only written off where payment recipients were declared bankrupt or absconded and could not be traced.

The Committee noted that the completion of the Housing Benefit Subsidy Grant Certification Audit 2020-21 had been delayed due to the work involved in transferring the data between two systems and Housing Benefit Subsidy Grant Certification Audit 2021-22 will be available in May 2023.

RESOLVED: The Audit Committee noted the outcome of the housing benefit subsidy certification work

151 Internal Audit Annual Opinion

The purpose of the report was to present a summary of the work undertaken by Internal Audit during 2021/22 and to give an overall opinion on levels of assurance resulting from this work.

The Assistant Director SWAP introduced the report and confirmed that due to the information contained in The Internal Audit Annual Opinion, it was deemed unnecessary to submit a separate quarterly monitoring report. In place of this, a condensed version of the usual report had been produced containing a summary of the work concluded since the last meeting of this Committee.

The Committee noted that no significant risks had been identified over the previous year and the Council had been awarded a 'High Reasonable Assurance' which was the same as the previous year.

The Committee noted that the different areas selected for audit investigation each year meant that direct year on year comparisons were not possible, however the report could still

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provide reassurance that the overall audited performance and probity of the Council remained consistent.

The Council noted that five key Council areas will continue to be audited each year. These were:

- Business Continuity
- Continuous assurance
- Key financial audits
- Information governance and security
- Key front line services

The Council noted that the Summary of Audits By Type showed the Councils audits were broadly in line with other councils of similar size, with the exception of Advice and Consultancy which was higher due to additional work (e.g. over and underpayments) that had been required in these areas.

The Committee noted that 100% of audit customer-service survey forms had been returned (target 95%) and the overall service rating of these audits was 95%

The Committee noted that it was hoped that the nine outstanding priority two actions from the previous audit would be completed within the current year, but this would be determined by the Council or Public Officers completing them.

The Committee commented that the report recommended additional officer training *“to ensure all budget holders are aware of their debt management, recovery and write off responsibilities” and requested the Business Manager, Finance provide clarification of any training need and remedial actions at the next meeting.*

The Committee welcomed the inclusion of Privileged Account Management results as this had been outstanding for some time.

The Committee noted that Council Officers working remotely are subject to the same controls measures, and system security protocols as Officers working within Council premises.

RESOLVED: The Audit Committee considered and noted the report and comments.

152 Annual Governance Statement 2021/22

The purpose of the report was to present the Audit Committee with the draft Annual Governance Statement (AGS) 2021/2022 for consideration and comment.

The Deputy Chief Executive introduced the report, but confirmed that it was not complete and would therefore be deferred to the September Audit Committee.

RESOLVED: The Audit Committee agreed that the draft Annual Governance Statement for 2021/2022 would be deferred to the September Audit Committee meeting.

153 Corporate Risk Register Update

The purpose of the report was to update the Committee on the changes and discuss the Corporate Risk Register.

The Risk and Compliance Officer introduced the report and summarised the main changes that had taken place since its previous presentation. An addition risk surrounding the Publica staff pay award (that may exceed its allocated budget), had been added.

The Committee noted that a Risk Management Group (meeting quarterly) had been established looking at all operational risks across the Publica groups to identify those that need to be included in the Corporate Risk Register.

The Committee noted that although it could not amend the register, it could identify significant risks for referral to Cabinet for consideration.

The Committee noted the increase to the risk CRR-016 Local Plan relating to the Council's ability to meet increased government housing need figures. ***The Committee stated that losing the 5-year Housing Land Supply would have significant political and environmental consequences from subsequent unplanned development, and this risk should be referred to Cabinet for consideration.***

The Committee commented that fuel, utility bills and cost of living increases have had an impact across the country, and it would be helpful to have a regular summary outlining how these changes are affecting the Councils risks. The Deputy Chief Executive confirmed work on this was currently underway with reports going to both Cabinet and Overview and Scrutiny Committee in the autumn.

RESOLVED: The Audit Committee noted the Corporate Risk Register

154 Draft Accounts 2021/2022

The purpose of this report was to note the presentation of the Draft Accounts 2021/2022

The Chief Accountant presented a three page summary of the key statements from the 100+ page Draft Accounts 2021/2022 that would be published 30 September 2022, with audited accounts available from 30 November to be brought to Audit Committee for consideration and approval. The key statements were:

- Comprehensive Income and Expenditure showed a surplus of £18,000
- £1.6m was transferred to the general fund due to the pension fund contributions not being required within this year (because these contributions had been paid as a single lump sum in a previous year).

The Committee noted that the summary only provided headline figures and it would be prudent to wait for the full published report with associated notes and commentaries, before asking detailed questions.

RESOLVED: The Audit Committee noted the summary of the Draft Accounts 2021/2022

155 Value for Money Audit

The purpose of this report was to present the external auditor's conclusion on the arrangements in place to secure value for money at the Council during 2020/21.

The External Auditor introduced the report that had been delayed due to resourcing issues during the pandemic. Although the report covered 2020/21, the delay in publishing had

enabled later improvements to be captured and included. The three categories of recommendations made by the auditors were presented to provide context to the individual findings:

- Statutory Recommendations – Most serious recommendations, requiring the Council to discuss and respond publicly to the report – **The Auditor did NOT make any recommendations in this category**
- Key Recommendations – Recommendations following identification of significant weaknesses in the key areas of: Financial Resilience, Governance, Economy, Efficiency and Effectiveness with action required to resolve these. **The Auditor did NOT make any recommendations in this category**
- Improvement Recommendations – Recommendations that would improve the arrangements of the Council. **The Auditor made FIVE recommendations in this category.**

The Committee noted and discussed the five recommendations from the Auditor, recommending that the Council:

- carefully monitored its investment strategy so that forecast additional savings were generated in line with the assumptions of the MTFS
- ensured continued close in-year monitoring to ensure savings were delivered and service redesign with partners was successfully implemented
- considered mapping risks to corporate objectives
- undertook a review of 2020/21 Revenue Outrun data to understand variances in unit costs with statistical neighbours
- continued to drive planned improvements with Publica including reviewing the effectiveness of planned changes to contract monitoring, governance and reporting arrangements from Publica to key decision makers.

The Committee noted that the Overview and Scrutiny Committee was reviewing the Councils monitoring data and the type and number of key measures being reported.

The Committee noted that several of the Councils unit costs were higher than those of comparative near-neighbour councils, although it was noted that previous analysis had often revealed legitimate reasons for these.

The Committee noted that the risk register could include risks that, for legitimate reasons (cost, complexity) would not be mitigated, and were therefore accepted by the Council

RESOLVED: The Committee agreed to accept the report, the auditor improvement recommendations and the management responses

Voting Record – For 5, Against 0, Abstentions 0, Absent 2,

I56 **Work Plan**

The Committee requested four additional items are added to the Work Plan

An extra Audit Committee meeting could be convened to enable the Auditor to provide training for officers

29th September 2022 – Audit Committee

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The Audit Committee agreed the draft Annual Governance Statement for 2021/2022 would be deferred to the September Audit Committee meeting.

29th September 2022 - Audit Committee

The Business Manager, Finance was asked to provide clarification of any training needs following a report recommendation stating "... all budget holders are aware of their debt management, recovery and write off responsibilities and remedial actions at the September Audit Committee meeting.

5th September 2022 - Cabinet

The risk register indicated an increase in the risk applied to the 5-year Housing Land Supply and loss of this would have significant political and environmental consequences for the Council.

This risk should be referred to the next Cabinet meeting for consideration.

RESOLVED: The Committee noted the Work Plan and the extra items to be added.

The Meeting commenced at 4.00 pm and closed at 6.00 pm

Chair

(END)