



Minutes of a meeting of Audit Committee held on Thursday, 29 September 2022.

Councillors present:

Tony Berry
Patrick Coleman

Nick Maunder - Chair
Gary Selwyn
Tom Stowe

Officers present:

Jo Moore – Chief Finance Officer
Angela Claridge – Director for Governance
Mandy Burge – Head of Finance
Debra Goodall – Business Manager for Finance
Emma Cathcart – Head of Counter Fraud and Enforcement Unit
Meriel Clementson – Manager, External Auditor (Grant Thornton)
Lucy Cater – Assistant Director, Internal Auditor (SWAP)
Claire Hughes – Business Manager for Corporate Responsibility
Caleb Harris – Democratic Services
Wayne Smith – Democratic Services

Observers:

Councillors Mike Evely, Stephen Andrews

157 Apologies

Apologies had been received from Councillor Nigel Robbins

Councillor Theodoulou advised he would be arriving late

158 Substitute Members

Councillor Roly Hughes was Substitute Member for Councillor Nigel Robbins

159 Declarations of Interest

There were no Declarations of Interest from Members

There were no Declarations of Interest from Officers

160 Minutes

The Committee requested the titles of Chair and Vice Chair should be included alongside their names.

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Min 151 (para 5) “The Council noted that five key Council areas will continue to be audited each year”, should read, The **Committee** noted that five key Council areas will continue to be audited each year.

(para 6) “The Council noted that the Summary of Audits By Type showed the Councils audits were broadly in line...” should read, The **Committee** noted that the Summary of Audits By Type showed the Councils audits were broadly in line...”

Min 155 (para 6) “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”, should read, 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 **Committee**.”

RESOLVED: Subject to the inclusion of the above amendments, the Committee agreed that the Minutes of the Audit Committee held on 21 July 2022 were an accurate record.

Voting Record – For 4, Against 0, Abstentions 2, Absent 2

161 Public Questions

There were no Public Questions.

162 Member Questions

There were no Member Questions

163 Informing the Audit Risk Assessment - External Assurances

The purpose of the report was to consider proposed management responses to the external auditor’s questions to inform their assessment of risk, to underpin the audit of the accounts for the year ended 31 March 2022.

The Chief Finance Officer introduced the report that is presented by external auditors every year, asking questions to inform its risk plan and identify how the Council identifies risks and fraud and how accounting estimates are used.

The Committee noted that although the structure of the report was similar each year, the specific audits undertaken were different.

The Committee noted that benefit fraud was the responsibility of the Department of Work and Pensions. Auditors still investigate and report on the Council Tax Reduction scheme, but this is not considered in the same way as other benefits.

The Committee noted that financial and legal advisors are regularly reviewed to ensure they are best qualified to provide specialist advice.

The Committee noted that the details of the Green Bond would not appear until the 2022/23 reports are published.

The Committee noted that the accounting estimates section of the report provided details of any business rates pool challenges.

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The Committee suggested whether the report could include “Councillors are encouraged to report any incidences of non-compliance with laws and regulations”

RESOLVED: The Committee noted and confirmed their understanding and agreement with the responses provided by management to the auditors in Annex A and confirmed their understanding and agreement with the approach to estimates set out in Annex B

164 2021/22 Audit Plan

The purpose of the report was to receive details from Grant Thornton, the Council’s external auditors regarding the audit plan for 2021/22

The External Auditor introduced the report summarising the Audit Plan and providing specific details in a number of cases.

The Committee noted that the external Auditors approach of focussing areas of higher risk had remained the same as in previous years.

The Committee noted that the following Significant Risks had been identified:

- Management override of controls
- Revenue and expenditure recognition (rebutted)
- Valuation of land and buildings
- Valuation of investment properties
- Valuation of the net pension fund liability

The Committee noted that, although the Council had a good record of delivering to budget, financial challenges from increased utility costs, increased demand for services and the cost of living crisis would mean that there would be weakness in delivering financial sustainability in the medium term.

The Committee noted that most audits should be completed before Christmas 2022 and signed off at Audit Committee in January 2023 (2 months earlier than 2022). The Publica Head of Finance confirmed that additional resources had been made available to ensure the auditors would be provided with what they would need in order to meet these timescales.

The Committee noted that the audit fees had increased by 9.3% due to the additional costs involved in remote auditing. This uplift would be removed if on-site audits can be completed.

The Committee noted that the approach and schedule of audits followed standard guidelines and were not controlled by the Council.

The Council noted the Significant Risk identified to the Pension Fund net liability was due to an actuary valuation arranged by Gloucestershire County Council who administer the Pension fund on behalf of other Councils.

RESOLVED: the Committee considered and noted the Grant Thornton Audit Plan for 2021/22

165 Treasury Management Outturn 2021/22

The purpose of the report was to present to the Committee the annual review of treasury management activity for the financial year 2021/22

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The Chief Finance Officer introduced the report and summarised the activity undertaken and the key elements of the Council's borrowing and investments. As the Council did not have any external borrowing, the report therefore focussed on the Council's investments.

The Committee welcomed that:

- There had been no breaches of the Council's investment policy
- The investments had outperformed the market, mainly due to the pooled investment funds
- The Council had no exposure to Russian or Belarussian assets

The Committee noted that, more recently, the Capital Fund had reported a loss of £426K, and current figures would be reported in the MTFS.

The Committee noted comparator figures with similar Councils would be available following the next meeting with the Council's financial advisors.

RESOLVED: The Audit Committee received, discussed and noted the Annual Treasury Management Review for 2021/22.

166 Draft Statement of Accounts 2021/22

The purpose of this report was to present for consideration the published (unaudited) draft Statement of Accounts for the year ended 31 March 2022.

The Head of Finance introduced the report that was a completed version of a summary report that Audit Committee had previously received, and focussed on the Balance Sheet and Movement in Reserves Statement

The Committee noted that:

Balance Sheet

- Council's Property Plant & Equipment values had increased to £61M
- Short term investment had increased by £5.5m
- Cash and cash equivalents had increased by £3.3M
- Pension liability had reduced by £10.7M
- The number of Council debtors had reduced

Reserves

- Usable reserves had remained around the same at £25.6M
- General Fund increased to £2.5M

The Committee noted the good set of accounts with an increasing balance sheet, but also noted the significantly challenging current economic climate that will materially affect figures going forward.

The Committee noted there had been an underspend on Capital Projects as several of these had not yet started.

The Committee noted that the accounts were published on 250822 (later than the deadline of 300722), although this did not have any consequences.

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RESOLVED: Audit Committee noted the draft unaudited Statement of Accounts 2020/21 (attached at Annex A), and the Key highlights from the Statement of Accounts 2021/22 as set out within the report.

167 Counter Fraud and Anti-Corruption Policy

The purpose of the report was to present Audit Committee with an updated Counter Fraud and Anti-Corruption Policy for comment, and recommendation to Cabinet for approval. The Policy had been reviewed to ensure the content reflected current legislation and the Council's Policies and Procedures and would replace the existing Counter Fraud and Anti-Corruption Policy.

The Head Of Counter Fraud and Enforcement Unit Emma Cathcart introduced the report and summarised the changes in the report.

The Committee noted that the inclusion of additional elements to the policy (e.g. on Modern Slavery) would usually be followed by awareness training for Officers in related service areas e.g. Housing Officers (to be aware of illegal property occupants and Licensing Officers (to be mindful of illegal business employees).

The Council noted that the Council already had working relationships with charities and social housing groups, and the new entry to the policy was made to recognise close working with Cheltenham Trust and the wider counter fraud partnership.

RESOLVED: the Committee considered commented and noted the draft Counter Fraud and Anti-Corruption Policy.

168 Counter Fraud and Enforcement Unit Fraud Risk Strategy

The purpose of the report was to present Audit Committee with a Fraud Risk Strategy, so that they may consider the approach taken by the Counter Fraud Partnership, provide assurance to the Audit Committee that the risks of fraud committed against the Council are recognised, managed and mitigated for in accordance with Council priorities, and understand changing fraud trends.

The Head of the Counter Fraud and Enforcement Unit introduced the report and provided an overview of the intended changes to the strategy to make it more relevant to officers at a Service Area level. The overarching general Fraud Risk Register would be supplemented by Service Specific Risk Registers e.g. Revenues Fraud Risk Register, Benefits Fraud Risk Register etc highlighting their individual risks.

The Committee noted that a number of methods of money laundering had been identified, and officers were regularly trained to ensure they were aware of the latest methods being employed.

RESOLVED: The Committee considered and noted the Counter Fraud and Enforcement Unit Fraud Risk Strategy and associated work streams.

169 Counter Fraud and Enforcement Unit Update

The purpose of the report was to provide Audit Committee with assurance over the counter fraud activities of the Council. Direct updates would continue to be provided biannually and

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work plans would be presented to the Committee (detailing progress and results for consideration and comment) as the body charged with governance in this area

The Head of the Counter Fraud and Enforcement Unit introduced the regular report confirming that:

- Business Grants review and recovery work was ending, but enforcement work was continuing.
- The £150 Energy Rebate work was ending and only the discretionary schemes were still in operation.
- The Test and Trace Audit has been completed
- The Energy Project work was starting.

The £319K of overpaid Covid payments were being recovered through payment plans that could run until 31 December 2025.

RESOLVED: Audit Committee considered and commented and noted the Counter Fraud and Enforcement Unit Update report and the work plan at Annex A

170 Corporate Risk Register

The purpose of the report was to bring Members the current version of the Strategic Risk Register for information and assurance that risks to the Council were being managed, and appropriate actions were being taken to mitigate risk

The Business Manager for Corporate Responsibility introduced the report that had been reformatted to align more closely with the Council's Corporate Plan Priorities. A number of higher risks were then described including additional fuel cost and agency staff cost pressures in the Waste and Recycling Service, and the (not yet approved) Staff Pay Award and whether allocated budgets would be sufficient.

The Committee noted the difficulties with recruiting and retaining Officers to particular Service Areas and noted the reduction in exit interviews due to the pandemic.

RESOLVED: Audit Committee noted the Strategic Risk Register.

171 Annual Governance Statement

The purpose of the report was to present to Audit Committee the draft Annual Governance Statement (AGS) for the financial year 2021/2022 and action plan for 2022/2023

The Business Manager For Corporate Responsibility introduced the report and summarised the Governance statement for the previous year, and work that would be carried out in the coming year, including:

- Raising Awareness of Contract Procedure Rules
- Development and Training of Members
- Budget Management
- Risk Management Training
- Compliance with Audit Recommendations
- Business Continuity Planning and Testing

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The Committee noted that progress on the focussed areas of work would be included in an Action Plan that would be presented at each Audit Committee.

The Committee welcomed the broad range of areas covered showing the Council's ability to be self-critical and improve its Governance.

The Committee welcomed the additional development and training of Members.

The Committee noted a report with year on year (track-change) progress of actions that had been produced and would be sent to Committee Members by Democratic Services.

The Committee noted that an update on progress against key recommendations from the previous Peer Review (held three years ago) would be available and incorporated into the next Peer Review, due to start on 10 October 2022.

RESOLVED: Audit Committee received and discussed and noted the draft Annual Governance Statement for 2021/2022 and action plan for 2022/2023

172 Internal Audit Progress Reports

The purpose of the report was to present a summary of the audit work concluded since the last meeting of Audit Committee.

The Assistant Director SWAP Internal Auditors introduced the regular report and summarised the work that the team were currently undertaking.

The Committee noted that four audits had been completed, all resulting actions were being implemented and no fraud was found.

The Committee noted that Council's Procurement Cards had been given a Low Limited Assurance and Business Manager Finance was working with the bank to improved procedures and controls.

The Committee noted that purchases of goods and services made with a Council's Procurement Card were included in the Council's Procurement Strategy.

The Committee noted the Business Manager Finance was re-writing the policy including moving from physical cards to more secure bank processed payments.

RESOLVED: Audit Committee considered, commented and noted the reports at Annexes A and B of the Internal Audit Progress Reports

173 Annual Standards Update

The purpose of this report was to advise Audit Committee of standards issues, including complaints against members for the year ending 31 March 2022.

The Director For Governance introduced the report and summarised Audit Committee's responsibility for maintaining and promoting good conduct by District and Town & Parish Councillors.

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The Committee noted that seven formal complaints had been formally raised and investigated and a further six that were reported but not pursued.

The Committee noted that Councillors social media activity had the potential to generate increased complaints and welcomed the Social Media Training for Members that had been offered.

RESOLVED: Audit Committee noted the Annual Standards Update report.

174 Work Plan

Audit Committee noted the Work Plan and requested 'Review of the Ombudsman Letter' to be added to the January Audit Committee.

The Meeting commenced at 4.00 pm and closed at 6.00 pm

Chair

(END)