

# Audit, Compliance and Governance Committee

Wednesday, 12th January, 2022  
6.30 - 8.00 pm

Attendees	
<b>Councillors:</b>	Guy Maughfling (Chair), David Willingham (Vice-Chair), Matt Babbage, John Payne, Richard Pineger and Jo Stafford
<b>Also in attendance:</b>	Barrie Morris, Paul Jones, Gemma Bell, Darren Knight, Lucy Cater, Jaina Mistry and John Chorlton (PUBLICA)

## Minutes

- 1. APOLOGIES**  
Apologies were received from Cllr Clucas.
- 2. DECLARATIONS OF INTEREST**  
There were none.
- 3. MINUTES OF THE LAST MEETING**  
**RESOLVED THAT** the minutes of the meeting held on 22<sup>nd</sup> September 2021 be approved and signed as a correct record.
- 4. PUBLIC AND MEMBER QUESTIONS**  
There were none.
- 5. AUDIT COMMITTEE UP-DATE**  
Barrie Morris (BM) of Grant Thornton informed Members that the financial statements were completed and signed off on 29<sup>th</sup> October 2021 under delegated arrangements agreed by the Committee. The final version would be introduced later in the meeting, with any changes highlighted in blue, and the Auditor's Annual Report was also an agenda item. The certification of the Housing Benefits subsidy claim was progressing well and would be complete by the end of January 2022, and he would also be meeting with finance colleagues to consider the lessons learnt from 2020-21 and identify any improvement methods. He confirmed that the audit deliverables are all completed and results of financial reporting and Quality Assurance Department (QAD) reviews show significant improvement in the quality of the audit work, though there is still room for improvement.

He drew Members' attention to the final audit fees on Page 9 of the report which, due to a number of variations in the Audit Plan and other changes, increased from £38k to £64k, though this increase has been offset by £27k from central government and the PSAA. The rest of the paper is a sector update, for information.

He also introduced Alex Walling who will be taking over as the new engagement lead later in the year, supported by Sam Harding.

In response to a member's question, BM explained that the breakdown of fees for 2020-21 is accurate, based on detailed time records and individual activities. The final fees are subject to confirmation by the PSAA, and need to be agreed by the S151 officer and Head of Finance.

There were no other questions.

**RESOLVED THAT** the Audit Committee Update be noted.

## **6. AUDITOR'S ANNUAL REPORT**

BM pointed out that changes to the National Audit Office (NAO) code in 2021 mean that a more in-depth review of value for money arrangements is required, with key recommendations on any significant weaknesses. He confirmed that the detailed report concludes that overall arrangements across each area are strong, when compared with other councils - a number of improvements recommendations have been identified, but no key recommendations required.

Members thanked Grant Thornton for the detailed and well-presented report.

A member expressed concern at some of the improvement recommendations – such as staff not following the business continuity plan, and issues with data policy – and asked if this is a consequence of increased scrutiny or just issues arising from the last audit, and whether it is the intention to revisit the improvements in subsequent audits to see how things have changed. BM confirmed that the new code of practice required a more comprehensive and detailed commentary, that the improvement recommendations would be followed through as a first action for next year. He added that CBC's risk arrangements and management procedures are very strong, and the recommendation is only concerned with formalisation around the monitoring of the risk register.

In response to a member's question, the Director of Finance confirmed business continuity plans across all service areas were updated in the first quarter of 2020. He added that the Council's business continuity plan worked well in the short-term during the floods in 2007, but Covid 19 warranted a different, more agile response, and all processes were mobilised quickly. The business continuity plan will be updated, using the experience of the first month of the pandemic to reflect on the reality facing the Council.

A member made the point that in order to make good recommendations, Members would benefit from training in risk awareness, risk assessment and corporate risks. He also referred to the data quality plan, saying that apart from having a plan, there must be an efficient and coherent way to expunge bad data and correct any errors.

Regarding borrowing and finance, a member asked if Grant Thornton consider the sensitivity of the market and, for example, what would happen if interest rates increase by 1%? BM confirmed that Grant Thornton look at all the Council's arrangements and different types of borrowing, and have concluded positively on this.

**RESOLVED THAT** the Auditor's Annual Report be noted.

**7. AUDIT FINDINGS REPORT 2020-21**

BM had referred to this under Agenda Item 5.

**RESOLVED THAT** the Audit Findings Report 2020-21 be noted.

**8. FINAL STATEMENT OF ACCOUNTS 2020/21**

The Head of Property, Finance and Assets confirmed that, following the September meeting, the approved accounts were signed off on 29<sup>th</sup> October and presented today. She thanked BM and the team at Grant Thornton, and CBC finance team for their hard work.

There were no questions from Members.

**RESOLVED THAT** the approval of the final Statement of Accounts for the year ending 31<sup>st</sup> March 2021 be noted.

**9. INTERNAL AUDIT PROGRESS REPORT**

Lucy Cater (LC) of SWAP advised Members that the quarterly update gave an idea of the work undertaken since the last meeting, following up recommendations. She invited Members to email her or Jaina Mistry with any items for next year's audit plan.

A member suggested that although he is not aware of any concerns with the licensing service and considers it is well run, it should be looked at from an audit point of view, to identify any possible improvements. He was invited to email the SWAP team.

A member thanked the team for their report, saying his only issue concerned the assigning of the assurance opinion. For example, procurement and planning enforcement are both recorded as 'reasonable', but this seems slightly over-generous and will discourage managers of those departments from being more productive in dealing with the issues – a lower rating would provide more emphasis. LC confirmed that there were issues with business continuity arrangements but these are being addressed, hence the higher score; and planning enforcement has a number of issues requiring work, which will be followed up.

In the Member's view, there were concerns about planning enforcement across the town, and it was suggested that a planning enforcement officer address a future ACG meeting and/or brief all Members. Democratic Services will follow up on this with the planning enforcement team regarding this. It was also suggested that Members would find a briefing from Building Control useful as well, in view of concerns in their own words and the failures and lack of accountability surrounding Grenfell Tower.

**RESOLVED THAT** the progress report be noted.

**10. FUTURE PROVISION OF EXTERNAL AUDIT FROM 2023/24**

The Head of Property, Finance and Assets advised Members that that PSAA has been responsible for the appointment of audit firms and setting of fees for local government and police since 2018, and the first contact period is due to end on 31<sup>st</sup> March 2023. The PSAA requires confirmation that councils want to opt in for a second period. The full Council needs to take the decision before 11<sup>th</sup> March, and the officer recommendation is to opt in for the reasons set out in the report.

The Chair informed Members that he feels very strongly that this recommendation should be followed, for the value for money and continuity aspects referred to. A member noted the PSAA returned a surplus fund of £5.6m in August 2021, showing it is well managed and will have saved the Council money during that period. Another member agreed, but asked if councils have any input or influence as to who their auditors should be. BM advised that there would need to be sound and compelling reasons why a council did not want to go with the audit firm provided, but that there is always the opportunity to reject or change during the contract term. He said that about 98% councils go through PSAA, and that auditors are audited by the National Audit Office.

**RESOLVED THAT**

**this council be recommended to opt in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors from 1<sup>st</sup> April 2023.**

**11. WORK PROGRAMME**

Members had no comments to make. The Director of Finance advised that the response on whistle-blowing, raised in Grant Thornton's report, would not be ready by the end of March but would be brought to the April meeting.

**RESOLVED THAT** Members accept the work programme as stated.

**12. ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION**

There was none.

**13. DATE OF NEXT MEETING**

20<sup>th</sup> April 2022.

**14. LOCAL GOVERNMENT ACT 1972 - EXEMPT INFORMATION  
RESOLVED THAT**

"in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraphs 3 & 7, Part (1) Schedule (12A) Local Government Act 1972, namely:

Paragraph 3; Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Paragraph 7; Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

**15. IT SECURITY UP-DATE**

The Chief Technology Officer's report, covering activity over the last 12 months over the four partner councils, had been circulated.

**RESOLVED THAT the report be noted.**

Guy Maughfling  
**Chairman**