

## **AUDIT COMMITTEE**

**Date and Time:** Tuesday 27 July 2021 at 7.00 pm

**Place:** Council Chamber

**Present:**

Axam (Chairman), Blewett, Crookes, Davies, Farmer and Southern

**In attendance:**

**Officers:**

Emma Foy Head of Corporate Services & S151 Officer

Joanne Innes Audit Manager

Rebecca Borrett Committee Services Officer

### **9 APOLOGIES FOR ABSENCE**

No apologies received.

### **10 MINUTES OF THE PREVIOUS MEETING**

Members requested an update on Item 6 of the previous minutes regarding the Planning team, both the outcome and if any further resignations had been received. The Head of Corporate Services confirmed this matter had been presented to Overview and Scrutiny, and a Group has been put in place to scrutinise an improvement plan. Further resignations had been received since the last Audit meeting, but not since the Overview and Scrutiny meeting.

Members requested clarification on Item 8 External Audit draft accounts and where these fit into the audit and publication process. The Head of Corporate Services provided clarification that the draft accounts are published on the website prior to approval.

The Minutes of the meeting held on 25 May 2021 were confirmed and signed as a correct record.

### **11 DECLARATIONS OF INTEREST**

No declarations made.

### **12 CHAIRMAN'S ANNOUNCEMENTS**

No announcements.

### 13 INTERNAL AUDIT PROGRESS REPORT Q1 2021/22

The Audit Manager updated members on Internal Audit work completed between April 2021 and June 2021:

- Two audits completed in Quarter 1, Treasury Management and Housing Benefits, both carried forward from the previous year
- Five audits currently being undertaken by the audit teams at Basingstoke and Wokingham Councils.
- Follow up of high-level risks recommendations reduced the number of recommendations from three to two as the starters and leavers recommendation has been implemented.
- Counter Fraud annual fraud risk assessment being undertaken and will be reported in September
- Additional fraud work being undertaken includes work on business grants payable. There were seven instances of is suspected fraud on the restart main scheme and four on restart discretionary scheme. All have been reported to the appropriate authorities.
- National Fraud Initiative Work is continuing
- Risk Management – Audit Manager has now met with all Heads of Service who are working on updated risks registers, including any risks identified from service plans presented in April 2021.

Members questioned if the Audit completion timescales were achievable by the end of Quarter 2 for officers. Clarification was given that the timescales for these are commencement not completion dates, and completion for these audits is expected in October/November. Further assurance was given that additional resources can be purchased if necessary and that these were relatively short audits and will be undertaken in a 10-day block to enable a speedier process. Members requested the plan be amended to show expected completion dates.

Members discussed crossover between Audit and Scrutiny panels and the need to prevent this. Audit were reminded they are required to look at the quality of data that Overview and Scrutiny use. Members asked how this works in terms of sequences and timing. The Head of Corporate Services clarified data quality audits account for approximately 20 days per year, split between Revenues and Benefits and other audits. There is not a specific data quality audit in the plan, but the opportunity existed this year to test data in performance information reported to Overview and Scrutiny. The Audit committee would see summary of this.

Members asked if in relation to planning performance, does the scope include investigation into planning gains lost on appeal. The Audit Manager advised the scope had not yet been agreed. Members questioned the time, effort and money being spent on Shapley Heath Plan and how this was being audited. The Head of Corporate Services confirmed the project is subject to the same internal controls as the rest of the Council and there is not a specific element in the Audit plan on Shapley Heath.

## **DECISION**

The Internal Audit Progress Report Q1 for 2021/22 was noted.

### **14 LOCAL CODE OF CORPORATE GOVERNANCE**

The Local Code of Corporate Governance informs the community how the council will conduct its business and how it will comply with the principles of good governance outlined in the CIPFA/SOLACE Corporate Governance Framework 2016. The Statement summarised how the Council meet their corporate governance responsibilities.

Members questioned if a risk assessment of the effectiveness of home working had been undertaken. The Head of Corporate Services confirmed the following:

- A framework of support and monitoring put in place
- Individual risk assessments undertaken for all staff by line managers, and reviewed by the Health and Safety Officer
- Increased frequency of 1:1 meeting and a revised template to include home working discussions
- Remote Managing training courses for managers
- All staff offered a place in the office for when they want/need to come in
- An Agile Working Policy

Members raised concern remote working had a detrimental effect on officer availability for telephone calls, although alternative contact options were available via TEAMS. Members also questioned if the Council were moving to hybrid working and if a review of hardware/software and security had been considered. The Head of Corporate Services advised no permanent decision had yet been made, but a soft phone option for all officers would be implemented within the next 12 months.

Members considered the Framework and questioned the process if someone believed the principals had not be correctly executed. The Head of Corporate Services confirmed that a resident could make a formal complaint, and staff have whistleblowing or a fraud element available to them.

Members questioned the frequency of policies, visions and plans being updated and reviewed, and if an additional column for this could be included. The Head of Corporate Services confirmed all policy with review dates by service area is held separately. In addition, departments introduced these into their service plans, or they become terms of reference for a committee.

Members raised concern the Council had been failing on version control and documents over last 18 months, and while Annual budget setting was unusual last year, budgets and revisions had been difficult to follow. The Head of Corporate Services acknowledged big changes and uncertainty had made

forecasting difficult and recognised the need to identify a process to ensure consistency moving forwards.

### **DECISION**

The committee approved the revised Local Code of Corporate Governance.

## **15 DRAFT ANNUAL GOVERNANCE STATEMENT**

The Head of Corporate Services advised this draft report provided members an opportunity to raise queries and questions. It has not yet been audited, but officers are confident structure is correct, although there may be a requirement to add anything high risk. A separate session for members can be arranged if required.

### **DECISION**

That Members of the Committee review the report and bring questions or queries to the Internal Audit Manager or Head of Corporate Services during August.

## **16 ASSESSMENT OF COMPLIANCE WITH CIPFA FINANCIAL MANAGEMENT CODE**

The Head of Corporate Services advised members the completion of the self-assessment doc in appendix A had raised practical recommendations and actions in most areas. As these are important, they should be reported to Audit Committee at each meeting.

Budget consultation for residents and business was of high importance, together with performance monitoring. Implementation of service boards will assist, but reporting must be expanded. Financial controls must be embedded in each area of organisation. Further stress testing needed over 10 years, but there will always be difficulty will always be getting accurate number. Members noted the need for priority of actions, with individual responsibility and clear timescales.

### **RECOMMENDATION**

The Committee noted:

The publication of the FM Code and the requirement for it to be applied from 1 April 2020.

That the first year, 2020/21, is a shadow year where local authorities can demonstrate that they are working towards full implementation which, for the first full year of compliance, will be 2021/22.

That an initial assessment has been carried out at APPENDIX A of the Council's assessed level of compliance compared to the Standards contained in the FM Code.

There is an item on the Internal Audit Plan 2021/22 to review progress against actions raised in the initial review.

The meeting closed at 7.55 pm