

# AUDIT & GOVERNANCE COMMITTEE

## Wednesday, 29th July 2020

**PRESENT** – Councillor Ron Whittle in the Chair), Councillors Maureen Bateson and Andy Kay.

**OFFICERS** – Louise Mattinson, Colin Ferguson, and Phil Llewellyn (BwDBC), John Farrar and Gareth Winstanley (Grant Thornton).

**ALSO PRESENT** – Councillor Vicky McGurk, Executive Member for Finance and Governance.

### RESOLUTIONS

#### 1 **Welcome and Apologies**

The Chair welcomed all present to the meeting and read the notice that outlined the arrangements relating to the virtual meeting.

Apologies had been received from Councillors Abdul Patel, Neil Slater and Mahfooz Hussain.

#### 2 **Minutes of the meeting held on 14<sup>th</sup> January 2020**

It was noted that there was no Members present who attended the last meeting.

**RESOLVED** – That the Minutes of the meeting held on 14<sup>th</sup> January 2020 be submitted to the next meeting for approval.

#### 3 **Declarations of Interest**

No Declarations of Interest were received.

#### 4 **External Audit – Audit Scope and Fees**

John Farrar introduced Gareth Winstanley, who was the new Audit Manager from Grant Thornton for the Council.

The Committee was provided with a report on the Audit Plan and Fee for 2019/20, the 20/21 Scale Fee and the Public Sector Audit Appointments report on Future Procurement and Market Supply.

Members discussed the documents submitted, in particular the fees and fees variations, and whilst the pressures on external audit were noted, Members commented that the Council needed early notice of any proposed variations to fees. The Chair advised that any additional fees around remote working due to Covid-19 would be challenged, as it was felt that remote working for External Auditors should not incur costs for the Council.

The Committee noted Future Procurement and Market supply considerations, particularly in relation to the very competitive market

situation and the extra, complex work to be carried out by External Auditors.

**RESOLVED** – That the updates and information presented be noted.

## **5 Finalisation of External Audit Fees 2018/19**

The Committee received a report on the outcome of the adjudication by Public Sector Audit Appointments Limited (PSAA) regarding the 2018/19 fee variation requested by the Council's External Auditors relating to the additional work needed to be carried out in respect of the 2018/19 Statement of Accounts.

The Council's External Auditors, Grant Thornton, requested the following variations to the PSAA Scale Fee in respect of completion of the Council's 2018/19 Financial Statements and work on the Value for Money conclusion; the original scale fee was set out in the Audit Fee letter presented to the Audit & Governance Committee in October 2018.

Following the PSAA adjudication, the adjustments were amended to £10,000 further to an email from the PSAA on 29 April 2020.

**RESOLVED** – That the Committee:

- Note the outcome of the adjudication by PSAA in respect of the 2018/19 External Audit fee variation and approve the proposed variation of £10,000.

## **6 External Audit Progress Report and Sector Update**

John Farrar and Gareth Winstanley reported on the progress of Grant Thornton in delivering their responsibilities as External Auditors, and highlighted the emerging issues and developments nationally.

Initial planning for the 2019/20 audit began in March and work on financial statements would commence during the summer.

A VFM risk assessment had been undertaken and as part of work later in the year there would be a focus on two VFM significant risks, namely: Financial Sustainability and Implementation of regulator recommendations. Work undertaken would be reported in the Audit Findings Report and an opinion given on the Statement of Accounts ahead of the 30 November 2020 deadline.

In terms of Certification of claims and returns, in response to the impact of the Covid-19 pandemic, the DwP had moved the reporting deadline back to 31 January 2021, and discussions with the Council's Housing Benefit Section had begun about this work and certifying of the claim ahead of the deadline.

In relation to the Council's annual Teachers' Pensions return, the certification work for the 2019/20 claim was due to be completed in line with the national deadline.

**RESOLVED** – That the update be noted.

**7 Treasury Management Report – March to May 2020**

The Committee received a report which summarised the interest rate environment for the period March to May 2020 and the borrowing and lending transactions undertaken, together with the Council's overall debt position, and the position against Treasury and Prudential Indicators established by the Council.

**RESOLVED** – That the report be noted.

**8 Treasury Management Annual Report 2019/20**

The Committee received a report on the Treasury outturn for 2019/20, which had also been reported to the Executive Board on 9<sup>th</sup> July 2020 in the 2019/20 Outturn Corporate Monitoring Report.

**RESOLVED** – That the Outturn position for 2019/20 be noted.

**9 Audit & Assurance – Progress and Outcomes to June 2020**

Members were informed of the achievements and progress made by Audit & Assurance in the period from 1 December 2019 to 30 June 2020.

In terms of Corporate Governance and Risk, here were fourteen “red” priority areas/issues across the departments, by key themes, which had been identified in the summary Director Exception/Dashboard Report and Assurance Statements for the year-end, as at 31st March 2020.

This included ten “red” priorities that remained as areas of concern from 30th September 2019, two areas that had been upgraded and two new areas which appeared as red for the first time. There were also four areas of concern previously identified as “red” that had now been downgraded to “amber” in the period.

The report also highlighted Counter Fraud Activity and Internal Audits recently undertaken.

**RESOLVED** – That the report be noted.

**10 Audit & Governance Plan 2020/21 and Internal Audit Charter**

The Committee were presented with a report, informing Members of the planned Audit & Assurance work for the forthcoming year.

The Plan and Charter defined the scope and the rationale of the approach being followed.

The Internal Audit Charter was a requirement of the PSIAS, which became mandatory from 1 April 2013. The Charter was last re-approved at the Audit

& Governance Committee meeting on 11 April 2019 following the publication of updated PSIAS in March 2016. The Charter was reviewed and up-dated to reflect recent changes in the senior management structure and job titles at that time. No other changes were deemed necessary for 2020/21.

**RESOLVED** – That The Committee:

- approve the 2020/21 Audit & Assurance Plan (as set out in Appendices 1 and 2);
- approve the Internal Audit Charter (as set out in Appendix 3)
- note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting; and
- note that Plan changes will be reported during the year.

## **11 Annual Risk Management Report 2019/20**

Members received a report that informed the Audit & Governance Committee of the risk and related activity which has taken place or been delivered during 2019/20 and provide an overall conclusion of the effectiveness management arrangements which were in place within the Council.

The report covered the activities relating to the corporate and departmental risk management arrangements, emergency and business continuity planning, event management, information governance and insurance. It outlined the risk management policies and arrangements currently in place, activities which had taken place or been delivered during the last year directed at achieving the various risk objectives, and details of key actions or developments for 2019/20.

The details provided in the report provide evidence that, overall, the Council had adequate risk management arrangements in place and these had operated effectively during the year ended 31 March 2020. Areas for action or development during 2020/21 had been identified and would strengthen the existing systems and procedures in place.

The Committee discussed the impact of Covid-19 in terms of Risk, and the Executive Member for Finance and Governance, and Director of Finance outlined the latest position in terms of additional costs, loss of income, Government assistance available, minimum level of Reserves and the funding gap arising.

**RESOLVED** – That the report be noted and that the Committee agree with the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2019/20.

## **12 Annual Counter Fraud Report 2019/20**

A report was submitted informing the Audit & Governance Committee of the results of the counter fraud activity that had been carried out during the year ended 31 March 2020 to minimise the risk of fraud, bribery and corruption occurring in the Council, and the outcome of investigations carried out into potential or suspected fraud or irregularities.

**RESOLVED** – That the report be noted.

### **13 Annual Internal Audit Opinion Report 2019/20**

Members received a report which provided independent evidence to allow it to fulfil its role and function of providing independent assurance to the Council on the adequacy of the risk management and internal control arrangements within the Council.

**RESOLVED -**

That the Committee:

- note the content of the Annual Internal Audit Opinion Report for 2019/20 (as set out in Appendix A);
- note the overall annual opinion of the Head of Audit & Assurance, which is that **adequate assurance**, can be placed upon the Council's framework of governance, risk management and internal control; and
- note that the internal audit work that supports this opinion has been delivered in accordance with the Public sector Internal Audit Standards (PSIAS) and that there are no significant areas of non-conformance.

### **14 Annual Governance Statement for 2019/20**

The Committee was presented with the Draft Annual Governance Statement for 2019/20.

**RESOLVED** – That the Annual Governance Statement for 2019/20 be noted.

### **15 Audit & Governance Committee Annual Report 2019/20**

The Committee received the draft Audit & Governance Committee Annual Report, which summarised the work undertaken by the Committee during the year to demonstrate that it had fulfilled its agreed terms of reference.

**RESOLVED** – That the Committee:

- approve the Committee's Annual Report, including the statement on its effectiveness during 2019/20 and the draft effectiveness self-assessment evaluation; and
- request that the Full Council endorse the report.

Signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed