

# AUDIT & GOVERNANCE COMMITTEE

## Tuesday, 29 June 2021

**PRESENT** – Councillors Ron Whittle (Chair), Maureen Bateson, Mahfooz Hussain and Abdul Patel

**OFFICERS** – Denise Park (Chief Executive), Colin Ferguson (Head of Service Audit and Assurance), David Fairclough (Director of HR, Governance & Engagement), Firoza Hafeji (Governance Officer), John Farrar (Grant Thornton) and Gareth Winstanley (Grant Thornton)

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

### RESOLUTIONS

#### 45 **Welcome and Apologies**

The Chair welcomed everyone to the meeting. Apologies were received from Cllr John Slater and Cllr Jon Baldwin.

#### 46 **Declarations of Interest**

There were no declarations of interest received.

#### 47 **Minutes of meeting held on 30th March 2021**

The Minutes of the meeting held on 30<sup>th</sup> March 2021 were moved as a correct record.

**RESOLVED** – That the Minutes of the meetings held on 30<sup>th</sup> March 2021 be agreed as a correct record.

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

Gareth Winstanley noted that the External Audit fee variation for 2019/20 had been agreed and reported on the progress of Grant Thornton in delivering their responsibilities as External Auditors, and summarised the emerging national issues and developments relevant to the local authority.

Initial planning for the 2020/21 audit began in April 2021. The interim audit work would be finalised prior to work being started on the draft financial statements.

The report highlighted the 2020/21 deliverables and Members were informed that a detailed audit plan would be brought to the next Audit and Governance Committee meeting on 24<sup>th</sup> August 2021.

The Government had provided a range of financial support packages throughout the Covid-19 pandemic and Grant Thornton issued a brief bulletin aimed at helping local government bodies identify the key things they should consider when determining the accounting treatment for these grants in their financial statements for 2020/21. There were no changes to the accounting

treatment for grants as required by the CIPFA Code of Practice on Local Authority Accounting. The changes were identified as the extent of additional funding to support the cost of services, to offset other income losses along with grant packages to be paid out to support local business.

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

**49**     **Treasury Management Report - March to May 2021**

Denise Park, Chief Executive, summarised the Treasury Management Report for 2021/22 for the period of 1<sup>st</sup> March – 31<sup>st</sup> May 2021 and recommended that the position for the period be noted.

The Treasury Management Strategy for 2021/22, approved at Executive Board in March 2021, complied with the CIPFA Code and with Ministry for Housing Communities and Local Government (MHCLG) Guidance on Investments.

The report summarised the interest rate environment for the period and 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.

Members noted the weekly movement in the totals available for investment, both actually to date and projections for the rest of the year. These balances had fluctuated significantly across the period, ranging between £55M and £85M. Investment balances continued to be unusually high during this period, because of funds received from central government. Funds received from central government included both grants received in advance of their usual payment dates and additional funds in respect of extra costs and the distribution of grants to businesses, in relation to the response to the Covid-19 pandemic. It is intended that investment balances will ultimately reduce in future to between £10M and £20M.

At 31<sup>st</sup> May, the Council had approximately £72.7M invested, compared to £55.4M at the start of the period. The breakdown of the closing investment balance was shared with the Committee.

**RESOLVED** – That the Committee noted the Treasury Management position for the period.

**50**     **Treasury Management Annual Report 2020/21**

The Committee received a report on the Treasury outturn for 2020/21, as also reflected in the 2020/21 Outturn Corporate Monitoring Report.

**RESOLVED** – That the Committee noted the Outturn position for 2020/21.

**51**     **Audit & Assurance - Progress & Outcomes to May 2021**

The Head of Audit & Assurance reported on the achievements and progress made by Audit & Assurance in the period from 1<sup>st</sup> March 2021 to 31<sup>st</sup> May 2021.

The Committee were asked to discuss, review and challenge the outcomes achieved to 31<sup>st</sup> May 2021 against the annual Audit & Assurance Plan 2021/22, as approved by the Committee on 30<sup>th</sup> March 2021.

The internal audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS). The PSIAS requires the Head of Internal Audit to communicate any significant governance, risk management and control issues identified to the Audit & Governance Committee during the year.

Members were informed that the work completed to date had not identified any significant governance, risk management or control issues to bring to the Committee's attention at this time.

The report also highlighted the Corporate Governance and Risk, Counter Fraud Activity and Internal Audits recently undertaken.

Members noted that five internal audits were completed and finalised since the last report to the Committee.

Colin highlighted that the Departmental Business Plan included seven targets to achieve the Audit & Assurance strategic aims. The defined targets and actual performance for the latest period and the previous period were noted by Members. A brief commentary on the measure where performance in the period had fallen below the agreed targets was shared with the Committee.

**RESOLVED** – That the Committee discussed, reviewed and challenged the outcomes achieved to 31<sup>st</sup> May 2021 against the annual Audit & Assurance Plan 2021/22, as approved by the Committee on 30<sup>th</sup> March 2021.

## **52 Annual Risk Management Report 2020/21**

Members were provided with the Annual Risk Management report for 2020/21 which included an overall conclusion of the effectiveness of the risk management arrangements which were in place within the Council. The Committee were asked to note that the report reflected the risk position as at the year-end. These arrangements were continually under review as new and emerging risks were identified and assessed for their impact on the Council and its corporate priorities.

The Committee were asked to consider and review the annual risk management report and agree the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2020/21.

The key elements of risk and resilience considered under the framework were shared as:

- Risk Management;
- Emergency Planning and Business Continuity (including health aspects);
- Information Governance arrangements;
- Insurance; and
- Health, Safety and Wellbeing.

**RESOLVED** - That the annual risk management report be noted and agreed with the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2020/21

**53 Annual Counter Fraud Report 2020/21**

The Head of Audit & Assurance provided the Committee with the Annual Counter Fraud report for 2020/21.

The report highlighted the results of the counter fraud activity that had been carried out during the year ended 31<sup>st</sup> March 2021 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.

Members noted that the report provided the Committee with assurance on the effectiveness of the counter fraud arrangements in place within the Council and it supported the Committee's roles of reviewing the assessment of fraud risks and potential harm to the Council from fraud or corruption, and ensuring the Council maintains a robust counter fraud culture via the implementation of the Counter Fraud Strategy.

**RESOLVED** – That the Committee considered and noted the Counter Fraud Annual Report as part of their monitoring role.

**54 Annual Internal Audit Opinion Report 2020/21**

The Head of Audit & Assurance provided the Committee with the Annual Internal Audit Opinion Report for 2020/21.

The purpose of the report was to provide independent evidence to allow the Audit & Governance Committee to fulfil its role and function of providing independent assurance to the Council on the adequacy of the risk management, and internal control arrangements in place within the Council.

**RESOLVED** – That the Committee noted:

- The content of the Annual Internal Audit Opinion Report for 2020/21 (as set out in Appendix A)
- The overall annual opinion of the Head of Audit & Assurance, which was that adequate assurance can be placed upon the Council's framework of governance, risk management and internal control; and
- That the internal audit work that supported this opinion had been delivered in accordance with the Public sector Internal Audit Standards (PSIAS) and that there were no significant areas of non-conformance.

**55 Annual Governance Statement for 2020/21**

The Chief Executive presented the draft Annual Governance Statement for the year ended 31<sup>st</sup> March 2021 and up to the date of the June 2021 Audit and Governance Committee.

The report outlined key developments and on-going arrangements in governance in 2020/21.

**RESOLVED** – That the Committee approved the Annual Governance Statement.

**56**     **Audit & Governance Committee Annual Report 2020/21**

The Head of Audit & Assurance presented the draft Audit & Governance Committee Annual Report for 2020/21 for consideration and approval by the Committee.

The report summarised the work undertaken and reports considered by the Committee during the year to demonstrate that it had fulfilled its agreed terms of reference.

The report highlighted that having an effective Committee brings many benefits to the Council such as:

- Increasing public confidence in the objectivity and fairness of financial and other reporting;
- Providing additional assurance through a process of independent and objective scrutiny;
- Raising awareness of the need for internal control and the implementation of audit recommendations; and
- Reinforcing the importance and independence of internal audit.

The Annual Report indicated the breadth of the Committee’s work in ensuring that every aspect of the Council’s work should be compliant with standards and transparent to its stakeholders.

**RESOLVED –**

- That the Committee considered and approved the Committee’s Annual Report; and
- That the report be referred to the Full Council for endorsement.

Signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed