

Finance and Audit Scrutiny Committee

Minutes of the remote meeting held on Wednesday 17 March 2021 at 6.00pm, which was broadcast live via the Council's YouTube Channel.

Present: Councillor Nicholls (Chair); Councillors: Bartlett, J Dearing, R Dickson, Grey, Heath, Illingworth, Luckhurst, Syson, Tracey and Wright.

Also present: Councillors Cooke (Portfolio Holder for Development Services), Day (Leader of the Council), and Hales (Portfolio Holder for Finance & Business).

78. **Apologies and Substitutes**

- (a) there were no apologies for absence; and
- (b) there were no substitutions.

79. **Declarations of Interest**

There were no declarations of interest made.

80. **Minutes**

The minutes of the meeting held on 10 February 2021 were taken as read and signed by the Chair as a correct record.

81. **Internal Audit Quarter 3 2020/21 Progress Report**

The Committee considered a report from Finance which advised on the progress in achieving the Internal Audit Plan 2020/21, summarised the audit work completed in the third quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

At the start of each year, Members approved the Audit Plan, setting out the audit assignments to be undertaken. This year's Audit Plan had to be revised due to the impact of the Coronavirus Pandemic. A revised Audit Plan was approved by Members on 30 September 2020. A detailed analysis of the progress in completing the Audit Plan for 2020/21 was set out as Appendix 2 to the report.

Three audits were completed in the third quarter of 2020/21. The Internal Audit reports arising from them were available for viewing on the online agenda for the meeting.

The action plans accompanying these reports were set out as Appendix 3 to the report. This detailed the recommendations arising together with the management responses, including target implementation dates. Responses had been received from managers to all recommendations that were made.

The state of implementation of low and medium risk recommendations made in the fourth quarter of 2019/20 was set out in Appendix 4 to the

report. There were no high-risk recommendations issued in the second quarter of 2020/21.

In terms of determining the state of implementation of recommendations, at the time of writing the report, responses from managers had been received in all cases except one: An update on the state of implementation of the recommendation was outstanding from Finance in respect of the VAT Accounting audit of 5 March. An addendum circulated prior to the meeting advised Members that a late response had been received from the Audit & Risk, which included an amendment to Appendix 4 to the report, page 27, third column – Current state of implementation per manager, to read: *The VAT number has been added to the footer of the Statement template for garage rents (as attached), from 9th March 2021. In terms of Building Control, I am awaiting clarification from the Project Manager - Financial Systems as to whether this will be resolved as part of the FMS project.*

Members were reminded that they could see any files produced by Internal Audit that might help to confirm the level of internal control of a service, function or activity that had been audited or that help to verify the performance of Internal Audit.

The Portfolio Holder thanked the Audit & Risk Manager and his team for their teamwork and assistance, which meant that businesses and residents had benefitted from the grants.

The Chair felt that the speed of response and the ease in which the Council gave money to businesses and individuals to support them, had been much appreciated, and expressed his gratitude to the Audit & Risk Manager his team for their work in delivering the payments to businesses .

Resolved that

- (1) the report and appendices, be noted; and
- (2) a follow up report be added on the Committee's Work Programme, looking into the progress made by Just-Inspire in terms of their recovery.

82. **Executive Agenda (Non-Confidential Items and Reports) – Thursday 18 March 2021**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on 18 March 2021.

Item 3 – Community Infrastructure Levy (CIL) Projects List for 2021/22

The Finance & Audit Scrutiny Committee noted the report.

In response to a question from Councillor Dickson, the Chair of the Finance Programme Advisory Board (PAB) was happy to review the Community Infrastructure (CIL) Projects List as part of the PAB's remit moving forward.

Item 8 – Review of Significant Business Risk Register

The Finance & Audit Scrutiny Committee noted the report.

(This item was also on the Committee's agenda because scrutinising it formed part of the Committee's remit.)

83. Review of Internal Audit Service in Compliance with Public Sector Internal Audit Standards

The Committee considered a report from Finance which contained the results of a review of the Council's Internal Audit Service, required under the Public Sector Internal Audit Standards.

The Public Sector Internal Audit Standards (PSIAS) required that "*The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity*" and that "*The "quality assurance and improvement programme must include both internal and external assessments."*

As well as internal assessments of the performance of the internal audit function that included ongoing monitoring of the activity and periodic self-assessments, external assessments needed to be conducted at least once every five years by a qualified, independent assessor from outside the organisation.

The PSIAS stated that the "*External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.*" The Council had opted for a full external assessment to provide greater objectivity and potential for learning i.e. greater value from the exercise.

The PSIAS required that the results of external assessments be communicated to 'the board'. Consequently, the assessor's report was set out as Appendix 1 to the report.

The assessor's report included an action plan with the assessor's recommendations on improvements and Internal Audit's responses to them, detailing how the recommendations would be addressed. In compliance with the PSIAS, Members would be updated on progress.

The PSIAS also stated that "*The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.*" The improvement plan that formed part of the external assessor's report would therefore be included within the Internal Audit Annual Report that would be issued to Finance & Audit Scrutiny Committee on 26 May 2021.

Resolved that the report, be noted.

84. Internal Audit Strategic Plan 2021-24 and Internal Audit Charter 2021/22

The Committee considered a report from Finance which presented the Internal Audit Strategic Plan 2021/22 – 2023/24 and the Internal Audit Charter 2021/22 for consideration and approval.

The Internal Audit Strategic Plan 2021/22 to 2023/24, comprising the planned reviews over this period, was set out as Appendix 1 to the report.

The Audit Plan was organised as follows:

- risk-based coverage;
- coverage for core activities that traditionally required Internal Audit input for assurance on financial probity and regularity; and
- other internal audit coverage.

The audits set out in the first year of the Plan were carried out throughout the year with timings (start dates) agreed with managers on individual audits, usually at the beginning of the year.

The Internal Audit Charter for delivering this assurance was also included and was set out as Appendix 2 to the report. The previous year's Charter had been updated to reflect findings and recommendations arising from the Public Sector Internal Audit Standards review that was conducted recently. The results of that review were reported in, Minute Number 83 – Review of Internal Audit Service in Compliance with Public Sector Internal Audit Standards, of this meeting.

An earlier draft of the Strategic Plan was issued to CMT and Service Area Managers for their views.

Views were sought on a number of aspects, including:

- the amounts of time allocated to the various proposed assignments;
- whether anything important had been missed;
- whether any planned assignments should be excluded (because, for example, the function was considered very low risk or because the function was no longer performed); and
- whether any risk profiles had changed significantly in the last 12 months.

The Chair informed Members that he had attended a meeting with the Audit & Risk Manager, and was concerned about the approach the Council was taking in relation to strategy risk and audit. Due to the Covid-19 pandemic, all service areas were under a huge workload pressure and he felt concerned that nowhere in the Significant Business Risk Register were there key strategic risks. The Chief Executive had indicated to the Chair that CMT would review the points raised.

The Portfolio Holder for Finance and Business agreed to arrange a meeting should be arranged in the next three months with himself, the Chair, the Head of Finance, the Chief Executive, and the Audit & Risk Manager to look at the strategy moving forward.

Resolved that the report be noted.

85. **Annual Governance Statement 2019/20 Action Plan Review**

The Committee considered a report from Finance which asked Members to review the progress being made in addressing the "Significant Governance Issues" facing the Council set out in its Annual Governance Statement

2019/20. Appendix 1 to the report set out the progress in addressing the Significant Governance Issues.

The governance issues facing the Council had been identified from production of the statutory Annual Governance Statement and were summarised in the Action Plan element of the Annual Governance Statement for 2019/20.

Progress was reported by the officers leading on them and had been endorsed by the Senior Management Team at a recent meeting.

Resolved that the report be noted.

86. **Review of Work Programme and Forward Plan & Comments from the Executive**

The Committee considered a report from Democratic Services that informed the Committee of its work programme for 2020/2021 Municipal Year (Appendix 1) and of the current [Forward Plan](#).

The Chair asked the Committee to reflect the role of scrutiny in the plans for joint work with Stratford leading to a possible merger. He outlined some broad themes with a view to shaping further plans at the meeting of the Committee in April. The five themes that identified to date were:

- Impact on services to residents;
- Democratic representation;
- Impact on strategic priorities (in particular the CEAP);
- Finance and Council Tax; and
- Communications and consultation with residents.

Resolved that the report be noted.

(The meeting ended at 7.42pm)

CHAIR

21 April 2021