

# Minutes

## Governance and Audit Scrutiny Committee 20<sup>th</sup> April 2023 at 7.15pm



### Present

Councillors	Present	Councillors	Present
Mrs M Cunningham	Apologies	Mrs L Walters	Yes
P Euesden (Vice-Chairman)	Yes	D White	No
D Mann	Yes	J Wrench (Chairman)	Yes
S Rehman	Apologies	Vacancy	
T Walsh	Apologies		

In attendance:

Steve Bladen – BDO External Auditor  
Angie Mitchell – Audit, Insurance and Fraud Manager  
Phil Myers – Head of Finance  
Alison Webb – Governance and Members Officer  
Emma Wisbey – Legal and Governance Manager

### 39 **DECLARATIONS OF INTEREST**

**INFORMATION:** There were no interests declared.

### 40 **MINUTES**

**DECISION:** That the Minutes of the meeting of the Governance and Audit Scrutiny Committee held on 12<sup>th</sup> January 2023 be approved as a correct record and signed by the Chairman.

### 41 **PUBLIC QUESTION TIME**

**INFORMATION:** There were no questions asked, or statements made.

### 42 **COUNCIL'S KEY FINANCIAL INDICATORS AS AT 28<sup>TH</sup> FEBRUARY 2023**

**INFORMATION:** Members gave consideration to a report on the Council's Key Financial Indicators as of 28<sup>th</sup> February 2023.

The General Fund revenue budget for the year was reported to be £16.2million. As at the end of February 2023, net expenditure was £12.9million which was £249,000 below the profiled budget. The total budget for salaries, for the whole year was £20.8million. The expenditure on salaries to the end of February was £19.2million, which was over profile by

£298,000. It was noted that the budget included an Efficiency Factor of £300,000 to be achieved throughout the year, with £275,000 of this having been reflected in the profiled budget.

In respect of commercial rents, those invoiced to the end of February were reported to be £3.1million against a profiled budget of £3.2million, which included a shortfall of £152,000. It was added that occupation of the units available for rent remained at 90%. One further unit had been let since the time of the last report to the Committee.

Members were advised that the expected level of spend on the capital programme for the year had been updated since the last report to the Committee, with relevant project expenditure reprofiled into next year. The revised profiled spend for the current year was £9.5million, which included estimated expenditure on assets such as the Plaza Enterprise Centre and Horizon 120 Business Park.

Capital receipts totalling £5.7million were anticipated for the year, which included right-to-buy sales and VAT shelter savings from agreements with Eastlight Community Housing, the sale of serviced land plots at Horizon 120 and the sale of assets which had been identified for potential residential development. The amount of capital receipts received to the end of February was £6.1million, with higher amounts having been generated from preserved right-to-buy saves and VAT shelter savings than originally assumed.

The total Council Tax collectable debit for the year was £109million. As at the end of February, the collection rate was 95.6%. In terms of Business Rates, the total collectable debit for the year was £43.3million; as at the end of February, the collection rate was 95.2%.

It was also reported that there had been a total of 1,159 write-offs of Council Tax authorised in the year to date, with 337 pertaining to the current year. In respect of Business Rates, a total of 43 write-offs had been authorised in the year to date. Finally, the proportion of supplier payments made within 30 days was 97.9% against a target of 97%.

**DECISION:** Members noted the report on the Key Financial Indicators as at 28<sup>th</sup> February 2023.

**REASON FOR DECISION:** To receive a suite of the key financial indicators of the Council on performance in the current financial year up to 28<sup>th</sup> February 2023. To evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues as and when they may arise.

#### 43 **INTERNAL AUDIT UPDATE, INCLUDING PROGRESS AGAINST INTERNAL AUDIT PLAN 2022/23**

**INFORMATION:** Consideration was given to an update report on the activities of the Internal Audit Service, including progress made towards implementing the Internal Audit Plan for 2022/23. The report also provided an update on the Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) applications made by the Authority. Reference was also made to progress on the actions that had arisen from the outcome of the External Quality Assessment (EQA) in February 2023.

**DECISION:** That Members:

- 1) Noted the progress and performance against the 2022/23 Internal Audit Plan; and
- 2) Noted the progress in respect of addressing actions identified in the External Quality Assessment of the Internal Audit Function.

**REASON FOR DECISION:** The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit activity to report functionally to the Governance and Audit Scrutiny Committee, being the Committee charged with independent assurance on the adequacy of the risk management framework and the associated internal control environment.

The 2022/23 Internal Audit Plan was approved by the Governance and Audit Scrutiny Committee on 21<sup>st</sup> July 2022. This report provides Members with an update on the Internal Audit activity, and progress and performance against planned work and any other matters affecting the provision of the Internal Audit Service. This is in accordance with the Governance and Audit Scrutiny Committee's role and the requirements of the PSIAS.

The Internal Audit function was subject to an External Quality Assessment (EQA) in February 2023, the outcome of which is detailed in a separate report to this Committee. This report identifies progress in respect of addressing actions identified in this and the previous EQA.

The report also provides an update on Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) applications made by the Authority.

#### 44 **EXTERNAL QUALITY ASSESSMENT OF CONFORMANCE OF THE INTERNAL AUDIT SERVICE**

**INFORMATION:** Members were advised that the Public Sector Internal Audit Standards (PSIAS) required there to be periodic self-assessments and an external independent assessment every five years of the Council's Internal Audit Service. Following a procurement process, Tilia Solutions was appointed to undertake the external assessment which was conducted in February 2023. The review also included a compliance check with the Local Government Advisory Note (LGAN) where this had requirements in addition to those under PSIAS.

The overall result of the external assessment was that the Internal Audit Service "conformed" with the requirements of the PSIAS, whereas previously, only 'partial conformance' had been achieved by the organisation. It was recognised that the Authority's success in this area was a direct result of the hard work and commitment of the Council's Audit, Insurance and Fraud Manager and the wider Audit Team.

The report of the assessor also included a suggested Action Plan with a number of recommendations, which management had since made responses to.

Further to the report, the Chairman wished to extend his gratitude to the Audit, Insurance and Fraud Manager and the wider Internal Audit Service for the successful outcome of the external assessment.

**DECISION:** That Members:

- 1) Noted the outcome of the External Quality Assessment (EQA) of conformance to the Public Sector Internal Audit Standards as attached to the report at Appendix A; and
- 2) Agreed the Action Plan included at the end of the assessment report (Appendix 1 of the EQA report).

**REASON FOR DECISION:** To advise Members of the outcome and action plan in respect of the External Quality Assessment of conformance of the Internal Audit Service to the Public Sector Internal Audit Standards.

45 **INTERNAL AUDIT CHARTER – APRIL 2023**

**INFORMATION:** The Public Sector Internal Audit Standards (PSIAS) required there to be an Audit Charter in place which defined the purpose, authority and responsibility of the Internal Audit function, and for the Charter to be reviewed periodically and presented to the Governance and Audit Scrutiny Committee.

Members were advised that the Charter had been reviewed to ensure that it remained up to date, that it complied with the requirements of the PSIAS and reflected the recommendations that had arisen from the recent External Quality Assessment of the Council's Internal Audit function. A number of changes had subsequently been made to the Charter since it was last reported to the Committee in April 2022, and these were detailed in the report.

**DECISION:** The updated Internal Audit Charter was approved.

**REASON:** To ensure that there is an Internal Audit Charter which complies with the Public Service Internal Audit Standards.

46 **ANNUAL AUDIT LETTER 2019/2020**

**INFORMATION:** The Chairman invited Steve Bladen, External Assessor at BDO LLP, to provide a verbal update to Members on the Annual Audit Letter 2019/20. There were two Audits referred to.

Members were advised that progress in respect of the 2019/20 Audit had been delayed as a result of a national issue around the way in which infrastructure assets were accounted for within Local Authorities (LA). A solution to the issue was identified and consulted upon throughout 2022, and then implemented towards the end of the year. However, in January 2023 this was followed by the release of some updated guidance from CIPFA around how LAs should account for infrastructure assets. Due to the timeframe required for BDO to identify the necessary work in response to the new CIPFA guidance, it had not been possible for the 2019/20 Audit to be completed in January 2023 as intended. Although Members were reassured that the work was now being progressed, it was not anticipated that its completion would be before June 2023.

With regards to the work towards the 2020/21 Audit, it was stressed that significant progress had been made by BDO. Nonetheless, final completion of the Audit was expected to be slow, due to the need for work around the 2019/20 Audit to be finished first. It was added that BDO intended to provide Council Officers with a detailed plan as to when its upcoming Audits would be taking place, thereby allowing for some preliminary

discussion before sharing the plan more widely with Members via a report to the Committee.

Further to the update, the Chairman expressed his disappointment for the continued delay in the completion of the Audits, particularly given the reassurance provided by BDO colleagues at the last meeting of the Committee in January, where it was stated that the Audit would be completed within a few weeks. The proposal of a detailed Audit plan and road map was nonetheless welcomed, as this would help give some confidence back to both Officers and Members of the Council.

A few points of clarification were then raised by Members in relation to the reasons behind the continued delay with the Audits. Following Members' questions, it was requested the Council's disappointment with the continued delay of the completion of the Audits be noted and relayed to BDO.

**DECISION:** Members noted the verbal update provided on the Annual Audit Letter 2019/20.

#### 47 **OUTCOME OF THE HOUSING BENEFIT SUBSIDY 2020-21**

**INFORMATION:** Members received a report which summarised the results of the work carried out by BDO LLP.

Members were advised that as the Council held an existing contract with BDO LLP for the audit of the Council's annual accounts, it was agreed to engage BDO LLP separately to undertake the certification work of the annual claim as required by the Department for Work and Pensions (DWP). The Housing Benefit Subsidy certification report detailed the errors identified by testing, additional testing conducted, and the impact on the provisional Subsidy claim submitted by the Council.

Whilst there were errors identified during the testing undertaken by BDO LLP, which the Council would make improvements and learn from, the overall extrapolated amount of £39,408 representing benefit overpayments meant that the overall error rate for the year was less than the DWP threshold permitted; as such, there was no requirement to amend the final subsidy form.

**DECISION:** Members received and noted the Certification Letter and Report on the Council's Housing Benefit Subsidy claim for 2020/21 that was sent to the Department for Work and Pensions by our external auditors, BDO LLP.

**REASON:** To receive the Certification Letter and Report on the Council's Housing Benefit Subsidy claim for 2020/21, issued by BDO LLP.

#### 48 **STRATEGIC RISK REGISTER**

**INFORMATION:** Members received a report which detailed the outcome of the latest review of the Strategic Risk Register (the Register) by Senior Managers and Management Board.

In line with the aim of formally reviewing the Register twice a year, the updated Register was agreed by Cabinet on 6<sup>th</sup> February 2022. The review confirmed that there had been no changes to the risk assessments in terms of their ratings (e.g. likelihood, impact, etc).

Management Action Plans had been updated accordingly where risks had been identified as being above the risk tolerance level.

It was highlighted that the Risk Management Policy was being reviewed, and as part of this, it was anticipated that there would be some changes to the structure of the Register going forward and the way in which the Council managed risk.

**DECISION:** Members noted and endorsed the Strategic Risk Register and the Action Plans for managing the high rated risks.

**REASON FOR DECISION:** To provide detail of the review and updating of the Council's Strategic Risk Register as agreed by the Cabinet at its meeting on 6<sup>th</sup> February 2023.

With the approaching Local Elections on 4<sup>th</sup> May 2023 and, therefore, the end of the current term of office, the Chairman wished to offer his grateful thanks to Angie Mitchell, Audit, Insurance and Fraud Manager, and Phil Myers, Head of Finance, for their hard work throughout this period. Gratitude was also extended to a number of retiring Members, which included Councillor Euesden, the appointed Vice-Chairman of the Committee, and also Councillor Mann. Governance Officers were also recognised and thanked for their continued support.

The meeting commenced at 7.15pm and closed at 8.15pm.

Councillor J Wrench  
(Chairman)