

## **Minutes of the meeting of Audit and governance committee held at Online meeting only on Wednesday 14 October 2020 at 10.30 am**

**Present:** Councillor Nigel Shaw (chairperson)  
Councillor Christy Bolderson (vice-chairperson)

Councillors: Dave Boulter, Peter Jinman, Bob Matthews, Diana Toynbee and Yolande Watson

**Officers:** Solicitor to the council, Chief finance officer, and Interim Head of Legal Services

### **14. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **15. NAMED SUBSTITUTES (IF ANY)**

There were no named substitutes.

### **16. DECLARATIONS OF INTEREST**

There were no declarations of interests.

### **17. MINUTES**

#### **RESOLVED:**

**That the minutes of the meeting held on 25 September 2020 be confirmed as a correct record and signed by the chairperson.**

### **18. QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions from members of the public.

### **19. QUESTIONS FROM COUNCILLORS**

There were no questions from councillors.

### **20. PROPOSED REVISED INTERNAL AUDIT PLAN 2020/21**

South West Audit Partnership presented the report and highlighted that since the internal audit plan 2020/21 had been approved by the committee there had been changes due to Covid-19. Since the revised plan had been developed, there had been four further requests for additional reports and any changes to the plan will reported to the committee.

During discussion of the item, the following points were raised:

- There are a number of high priority internal audits due to commence throughout the financial year.
- The plan will be kept under continual review and SWAP will try to maintain the higher priority audits in the plan.
- There may be additional work due to Covid-19 and some audits will need to be deferred to next year.
- Details of timeframes should be included in the plan so that the committee could see if there was any slippage.
- Details of which quarters the internal audits were due to commence would be included in the progress report.
- Audits which are replaced with additional work due to Covid-19 will provide details of the assurance given and that information feeds into the assurance statement at the end of the year.
- The prevention of fraud work was continuing.
- The counter-fraud officer and team were continuing to work proactively with other agencies and the internals in this area.
- It was noted that the percentage of deferred audits was 35% which represented a 55% deferral rate for the children and families and adult and communities directorates.
- It was agreed that the chief finance officer would consider purchasing additional internal audit days as by the end of the year the percentage of deferred audits could be greater.
- It was acknowledged that there would be reduced internal audit coverage in some areas but the additional Covid-19 audits may impact on those areas. It was widely expected that nationally Covid-19 would impact on audit work.
- Further funding from the government was due to be announced on 19 October 2020.
- The number of days purchased from SWAP was broadly comparable to other councils.

Cllr Yolande Watson joined the meeting at 11.06 am.

- Funding had been received from the government in two streams. The largest amount was in the form of unfenced funding and details were reported to Cabinet. Funding was also received via a ring fenced grant to cover costs. It was confirmed that there was sufficient funding to cover the additional audits.
- It was noted that the budget was set for the core audit work and that decisions to undertake audits were based on need or a risk assessment.
- It was confirmed that cost to the council of Covid-19 was being tracked as there would need to be an evaluation of the costs to the council and taxpayer. It was further noted that there were would a lessons learnt exercise as well.
- The Brexit preparedness internal audit planning work was due to commence shortly and it was confirmed that it should be completed before 31 December 2020. The solicitor to the council confirmed that a referral into the general scrutiny committee had been made and it would be considered at the scrutiny work programming meeting. It was further confirmed that Brexit was on the risk register.
- It was noted that the effects on the yield of commercial investments would be unknown due to the Covid-19.
- Covid-19 had its own risk register which was considered by Cabinet and the committee. Details of the impact on services could be included in the risk register.
- It was noted that in terms of auditing commercial investments, the reason why the council had acquired the property in the first place would need to be taken into account. The example of the City Walls was used as the council would not expect a return on that property.
- It was requested that the dilapidations of council owned properties be included in the commercial property audit.
- It was confirmed that the oral health needs assessment audit had been initially requested by the director of adults and communities. If the department had moved to corporate services, then this would be reflected in the next update to the committee.
- The director of adults and communities had deferred many of the audits in that area due to the availability of staff in the directorate and that some of the processes due to be audited had not been progressed as quickly as anticipated so it was not the best time to undertake an audit.

**RESOLVED that**

- a) **Details of when internal audits will be started to be detailed in the progress reports provided to committee. The details will also include, if necessary, reasons for any slippage and the estimated date of completion.**
- b) **The chief finance officer to discuss with SWAP acquiring additional SWAP days to undertaken internal audit.**
- c) **SWAP to discuss with officers and chief finance officer about including the quality of management of the council owned buildings in the commercial property audit detailed on page 34 of the agenda pack**
- d) **Details of the impact of the Covid-19 risks on the services areas to be included within the next corporate risk register report to the committee.**

**21. ENERGY FROM WASTE LOAN UPDATE**

The chief finance officer presented the report and reported that the loan arrangements appeared to be working well.

The committee expressed a slight concern about the date of the assurance statement [December 2019] and the consultant's letter [Filcher] was dated 30 September 2019. It was noted that Mercia were to provide an assurance statement twice a year and given Covid-19 it would be prudent to obtain a more up to date consultant's letter. The chief finance officer confirmed that there was an ongoing dialogue with the provider and there were no issues. It was further confirmed that there were more up to date reports and that they would be circulated to committee members.

It was noted that the ratio calculation had not been included this year and the committee would like to see this in future but with an explanation of what it meant.

A risk had been added to the risk register and the committee noted that they did not understand the risk and how it impacted on the details they were meant to be looking at.

Councillor Bob Matthews moved the report which was seconded by Councillor Christy Bolderson.

**RESOLVED that**

- (a) the risks to the council, as lender, were confirmed as being reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice; and**
- (b) arrangements for the administration of the loan were reviewed and confirmed as satisfactory.**

**22. TO REVIEW AND AGREE CHANGES TO THE COUNCIL'S WHISTLEBLOWING POLICYCONFIDENTIAL REPORTING CODE (WHISTLEBLOWING)**

The solicitor to the council presented the report and highlighted that:

- There had been work with trade unions;
- The amended policy took into account the comments of the committee members expressed at their meeting on 16 June 2020

- There was now a check and balance with regard to anonymity and whistleblowing was reported to an independent organisation.

The committee expressed their thanks for the work which had been undertaken. The whistleblowing policy was a way in which any organisation could learn.

Following a query from a member of the committee, it was explained that if whistleblowing in schools related to uncomfortable or illegal matters then it would be a matter for the governing body. If it related to safeguarding procedures, then it should be referred to the Local Authority Designated Officer (LADO) and if it related to a safeguarding issue then it should be referred to the Multi-Agency Safeguarding Hub (MASH). The only time where this may not be the case would be if it was one of the council's staff who whistle blew.

It was confirmed that the whistleblowing policy could be used by councillors.

Once the policy was approved, then the revised policy would be communicated to all staff and members.

**RESOLVED that:**

**Following recommendations from the working group the policy as attached at appendix 1 be approved.**

**23. WORK PROGRAMME UPDATE**

It was noted that the anti-fraud and corruption strategy update had been moved to the committee meeting due to be held in January 2020.

The solicitor to the council reported that the review of the arrangements for dealing with code of conduct complaints was about to start with the independent persons for standards and asked if the committee wished to form a working group in order to undertake this work. It was agreed that the revised arrangements would be circulated to committee members for them to provide input but that a working group would not be formed. The revised arrangements would be scheduled for the January 2020 committee meeting.

**RESOLVED**

**That subject to the amendment noted, the updated work programme be agreed.**

**24. EXTERNAL AUDIT UPDATE - REDMOND REVIEW**

Grant Thornton went through the presentation included within the agenda pack (pages 67 to 94).

It was noted that changes may not occur for some way as it would be up to the government to take the recommendations forward. Grant Thornton and the chief finance officer were in favour of the recommendations.

It was noted that there was already a provision in the Constitution for an independent person to be appointed to the committee.

It was noted that there would be future consideration of an all members' briefing on the statement of the accounts.

**RESOLVED that**

**the Committee noted Grant Thornton's presentation, attached at appendix 1, on the initial Sir Tony Redmond Independent Review of Local Audit and considered the impact on the future role and reporting of the committee.**

The meeting ended at 12:40 pm

**Chairperson**