

AUDIT COMMITTEE

TUESDAY, 27 OCTOBER 2020

PRESENT:- Councillors Steve Weisinger (Chair), Nick Martin (Vice-Chair), Emma Bushell, Jenny Jefferies, James Robbins, Kevin Small and Roger Smith

Apologies for absence were received from Councillors Claire Crilly and Malcolm Davies

14. Declarations of Interest

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting. No declarations were made.

15. Minutes

Resolved: That the minutes of the meeting held on 21st July 2020 be confirmed and signed.

16. Public Question Time

There were no public questions

17. Exempt Items - Exclusion of Press and Public

In response to a request from Councillor Kevin Small about why Agenda item 11 (Minute 22) should be taken without the press and public present, the Chief Legal Officer responded that the report and discussion might refer to posts in a way that would allow individuals to be identified, along with commercial information about the service area.

Resolved: That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below, on the grounds that they involve the likely disclosure of exempt information, as defined in the respective paragraph of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute</u>
11	1, 2	23

18. Treasury Management - Mid-Year Review

The Corporate Director of Finance and Assets submitted a report setting out the Council's mid-year Treasury Management performance for 2020/21. The Committee noted that the CIPFA Treasury Code of Practice recommends that Treasury Management performance is

reported to members at least twice a year.

In introducing the report Paul Smith (Head of Finance – Deputy Section 151 Officer) drew Members' attention to paragraph 3.2, and advised the Committee that the second sentence should have been deleted.

Councillors Kevin Small and James Robbins asked a range of questions, as set out below, to which Paul Smith responded at the meeting:

- 1) Does the figure of £15m in paragraph 3.10.3 refer to the funding for commercial investment? Is it short- or long-term and from what source? The amount refers to a different investment, which was always intended as a five-year investment to maximise returns and avoid extra costs if left early the funding comes from cash flow.
- 2) How much of the government Covid-19 related grant was earmarked for free school meals over school holidays and how much has it cost the Council so far? A written response will be provided.
- 3) Where is the Council-owned investment property referred to in 3.10.5? What is the expected income and how might Covid affect this? It is Lysander House, Bristol. A written answer will be provided on the rental income; however, the tenants had not missed any payments to date and is it still making a surplus.
- 4) Could Officers elaborate on the issues around exceeding the Treasury limit as set out in paragraph 3.13? The limit is one adopted locally to ensure that the Council is not dependent on too few financial institutions. The Council exceeded this limit when central government Covid-19 funding arrived at short notice. Once this was known, officers set up a new money market fund as quickly as possible to reduce the risks and protect the Council's cash.

Resolved: (1) That the mid-year Treasury Management performance be noted.

(2) That Officers would send the written responses to any questions to the Committee Officer for circulation to the Audit Committee members.

19. Statement of Accounts including External Audit findings

The Corporate Director of Finance and Assets submitted a report with the statement of accounts for 2019/20 for approval and providing an update on the audit. The Chair thanked Darren Stevens, Finance Manager, Mick Bowden, the Corporate Director of Finance and Assets, Paul Smith, Head of Finance, the Finance Team and the External Auditors for their work in producing the audited accounts during Covid-19.

Paul Smith, on behalf of the Corporate Director of Finance and Assets, introduced the report after which Mr Barrie Morris (Grant Thornton) and Ms Sophie Morgan-Bower (Grant Thornton) summarised the key details. Members were asked in particular to note the work plan attached as part of Appendix One that should have come to the Committee earlier in the year but had been omitted owing to the pandemic and other reasons.

Following their presentation of the report, the Head of Finance Manager, Sam Mowbray (Chief Operating Officer), Mr Barrie Morris (Grant Thornton) and Ms Sophie Morgan-Bower (Grant Thornton) responded to specific queries and observations regarding the accounts from Councillors James Robbins, Kevin Small.

- 1) What was the implication of the different policies of CIPFA and Grant Thornton on reporting the Direct Schools Grant deficit significant? This was just brought to Members' attention.
- 2) Could the Council make up the deficit from its general fund? Yes, if there was a surplus, which was not the current position.
- 3) Could there be more details about the issues with the Council's Oracle system. No fraud had been uncovered but the report was recommending improvements to ensure these were avoided. Sam Mowbray offered to send a separate briefing to Members via the Committee Officer.

Given the on-going pandemic, it was confirmed that any formal signing of accounts or documents could be undertaken through the Council's secure e-signature system.

Resolved: (1) To note that the Committee had considered the external auditor's report, set out in Appendix 1

(2) That the statement of accounts, set out in Appendix 2, be approved.

(3) That the letter of representation, set out in Appendix 3, be approved.

20. Audit Committee terms of reference work plan and self-assessment

The Head of Internal Audit submitted a report on the Audit Committee's terms of reference and details of the Committee's updated work programme for 2020/21.

The Head of Internal Audit introduced the report noting:

- 1) Having reviewed the Terms of Reference in relation to all relevant guidance, there were no changes for the Committee's consideration.
- 2) The work programme, which had been update to reflect the changes necessary because of Covid-19.
- 3) The Council's Audit Committee's self-assessment against the CIPFA good practice guide.

Resolved: (1) That the terms of reference and updated work programme attached at Appendices one to three be approved.

(2) That it be noted that, as recommended, Members reviewed and agreed responses to the CIPFA checklist of good practice.

21. Internal Audit Charter

The Head of Internal Audit submitted a report inviting members to review and approve the Council's Internal Audit Charter as required under the Public Sector Internal Audit Standards and as requested by Members. These standards provided the mandatory guidance that constituted the principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for the evaluation of the effectiveness of Internal Audit's performance.

Nick Hobbs, the Head of Internal Audit, drew the Committee's attention to the changes on the previous year, which mostly related to variations in job titles.

Resolved: That, having reviewed the Internal Audit Charter as attached at Appendix 1, it be approved.

22.**Head of Internal Audit - update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee meeting in July 2020, progress made against the Annual Internal Audit Plan 2020/21 and Internal Audit staffing and resource issues.

The Chair of the Committee along with Nick Hobbs, Head of internal Audit, then responded to questions from Councillors James Robbins and Kevin Small, namely:

- 1) What were the benefits of using credit histories over other sources to detect Council Tax fraud? This was one of a number of data-matching tools the Council used.
- 2) How does the level of fraud relate to other years? A written answer would be provided via the Committee clerk. The Chair reminded Members that the Committee had received a report in 2019 showing significant savings from the work of the Fraud team.

Resolved: That the Head of Internal Audit – update report be noted

23.**Legal Services - update**

The Chief Operating Officer and the Chief Legal Officer submitted a report with exempt information under Paragraphs 1 and 2, Schedule 12A, Local Government Act 1972. The report followed an offer by the Chief Executive to provide Audit Committee with more information (Audit Committee Minute 5, 21st July 2020 refers).

Sam Mowbray, Chief Operating Officer, and Lisa Hall, Chief Legal Officer presented the report and then responded to questions, suggestions and comments from the Chair along with councillors Jenny Jefferies, James Robbins, Kevin Small, and Roger Smith covering the issues set out in the report. Lisa Hall undertook to provide all Committee Members via the Committee Officer with the various additional pieces of information requested.

Resolved: That the report be noted.