

At a meeting of the Audit Committee held in Zoom Virtual Meeting on Wednesday 29 July 2020 at 2.00 pm

Members

Councillor Mary Bainbridge

Councillor Alan Tyson (Vice-Chair)

Councillor Elaine Lynch

Apologies for absence were received from Councillor Janet King, Councillor Carole Armstrong, Councillor Markus Campbell-Savours, Councillor Vaughan Hodgson and Councillor Adrian Kirkbride

Staff Present

J Irving, L Jardine, G Roach, S Sewell and E Thompson

Also Present

R Anderson

74. Minutes

The minutes of the meeting held on 18 February 2020 were signed as a correct record.

75. Declaration of Interests

None Declared

76. Questions

None received

77. Annual Governance Statement 2020/21

The Monitoring Officer presented the report and confirmed to members that this was the draft annual governance statement for 2020/21, which will be approved with the statement of accounts in November 2020.

Following questions from members the Audit, Risk and Assurance Manager confirmed to members that under the terms of reference for the Audit Committee, they only receive the Annual Accounts, not the revenue or outturns reports.

Agreed

That the contents of the draft 2020/21 Annual Governance Statement be approved.

78. Assurance, Risk and Audit Year End Report 2019/20

The Assurance, Risk and Audit (ARA) Manager presented the Assurance, Risk and Audit Year End Report for 2019/20. Which provides the Audit Committee with an overall opinion based on work, projects and activities, undertaken throughout the year.

Members were advised of a summary of the Audit work carried out, along with the opinions for each Audit report.

The chargeable time for the year was 65%, which is above the planned target of 64.85%.

In relation to risk management the ARA team reviewed the Risk Framework and provided Risk Management facilitation workshops to officers of the Council.

Members were also advised that all Fraud policies were reviewed and presented to members in 2020/21 and the public sector internal audit self-assessment was presented in February 2020.

Questions were asked in relation to the follow up of agreed actions on the work the ARA team completed, the ARA Manager agreed to circulate an update on each agreed action. It was also clarified to members that due to Covid-19 ARA staff resources had been redeployed to business critical areas of the Council.

The ARA Manager then presented the Contract Management Review 2019/20 and went through in turn each agreed action, confirming that all agreed actions had been completed with the exception of agreed actions 5 and 6 which are in progress and are part of a wider implementation of a new contract register system.

Concern was expressed in relation to some of the findings of the review in terms of governance arrangements, reporting structures, contract handover and lack of contract objectives. The ARA Manager explained that Contract Management is not a service and contracts are managed within different areas, it was explained however that consistency is an area for improvement. The ARA Manager explained that best practice and roles and responsibilities of contract management have been shared with all departments that manage contracts. The ARA Manager then advised that a follow up report in relation to Contract Management would be circulated to all members of the committee.

Agreed

That the Assurance, Risk and Audit Year End Report 2019/20 be noted.

79. Audit Charter Report

The Assurance, Risk and Audit (ARA) Officer presented the Assurance, Risk and Audit Charter. Members were advised this is a requirement of public sector Audit standards and is a formal document which defines the internal activities, purpose, responsibilities and position within the Council. The document is reviewed by the audit team annually and it is updated in line with the 2030 Council Plan.

Agreed

Members accepted the Assurance, Risk and Audit Charter

80. Audit Plan and Strategy 20/21

The Assurance, Risk and Audit (ARA) Manager presented the Audit Plan and Strategy for 2020/21, which is to provide the Audit Committee with the approach for the 2020/21 Audit Plan, and to provide an overview of the planned activity for 2020/21.

Members were advised that the two main areas for consideration in line with the Planning Performance Standard 2010 the Audit Plan will be prioritised in relation to the risk management activities and organisational objectives for each area of the Council. For 2020/21 these will be defined by the Council in a number of ways:

- The 2020/21 budget
- Council Strategy Delivery Plan 2020-24
- The Corporate Risks and Issues log
- Service Risk Registers
- Annual Governance Statement significant issues
- Areas of risk arising from previous reviews
- Outcomes from annual risk meetings with the Senior Management Team
- Organisational insight gained from corporate support and consultancy work

Members were also advised that the ability for internal audit may be impacted due to the redeployment of services, this will be managed through flexible audit planning, and regular reviews, in response to questions from members the ARA Manager confirmed that statutory and critical work will be prioritised.

The ARA Manager also provided an explanation of the follow up from the actions set out following internal audits, and that 10 days per annum are allocated to monitoring this work.

Agreed

That the contents of the 2020/21 Audit Plan be noted

81. Progress Report and Sector Update

Richard Anderson (Grant Thornton UK LLP) presented the Progress Report and Sector Update, advising members that he has replaced Angela Pieri as the Audit Manager.

Members were advised that audit planning and the interim audit was undertaken in early 2020 and that the plan has been updated to reflect the impact of Covid 19. A detailed explanation into the impact of Covid 19 was also provided, and that the external audit will be delivered remotely.

Due to the changes within the audit profession and the regulatory environment, audit fees have increased; this increase has been agreed with officers.

Agreed

Members noted the contents of the report.

82. External Audit Plan 2019/20

Richard Anderson (Grant Thornton UK LLP) presented the External Audit Plan for 2019/20 which summarises the approach to the accounts and value for money (VFM) audit for 2019/20. It was also confirmed that the Financial Statement Audit considers the accounts for the Helena Thompson Museum, Allerdale Investment Partnership (AIP) and the Keswick Museum.

Members were advised that four significant risks have been identified on the financial statement audit;

- Management override of controls
- Valuation of Land/Building and Investment Property
- Valuation of Pension Fund Net Liability
- Covid 19

In terms of the VFM audit, three risks have been identified;

- Workington Community Stadium
- Financial sustainability
- Waste and recycling contract and procurement arrangements

Members were also provided with further detail in relation to the increased audit fees, including the increased expectations on public auditors.

Members asked questions in relation to the VFM risks, acknowledgement was made of this and clarification was provided of the further work that is required.

Clarity was also provided to members in relation to the finding of any upcoming internal and external audits.

Agreed

Members noted the contents of the report.

The meeting closed at 3.15 pm