

At a meeting of the Audit Committee held in Zoom Virtual Meeting on Monday 1 February 2021 at 2.00 pm

## **Members**

Councillor Alan Tyson (Chair)  
Councillor Carole Armstrong  
Councillor Janet King

Councillor Mary Bainbridge (Vice-Chair)  
Councillor Markus Campbell-Savours

Apologies for absence were received from Councillor Vaughan Hodgson and Councillor Adrian Kirkbride

## **Staff Present**

L Jardine, P McKenzie and S Sewell

## **Also Present**

R Anderson

### **294. Minutes**

The minutes of the meeting held on 24 November 2020 were signed as a correct record.

### **295. Declaration of Interests**

None declared

### **296. Questions**

None received

### **297. Assurance, Risk and Audit Report for the Quarter Ending 31 December 2020**

The Assurance, Risk and Audit (ARA) Officer presented the Assurance, Risk and Audit Report for the Quarter ending 31 December 2020.

Members were advised that the 73.43% performance percentage is slightly below the planned target of 73.72%, this was partly due to annual leave over the festive period. The ARA team were under resourced in Quarter 3, which had been previously explained to members, for Quarter 4 the ARA Auditor will resume her role with the team.

The annual Public Sector Internal Audit Standards (PSIAS) self-assessment had been completed. This document provides the Committee an overview of compliance for Internal Audit Services at the Council.

In relation to Corporate Fraud, all data sets have been submitted to the National Fraud Initiative (NFI), one data set was submitted late, however this was due to resourcing issues and all data sets were accepted by NFI.

The ARA Officer has been supporting the grants teams with fraud work. One suspected fraud was identified which crossed local authority boundaries. This was forwarded to all necessary parties.

Updates were provided on the progress of the annual plan; the Financial Services and ICT audits are at testing stage with a completion date for end of March 2021. The Waste Services and Financial Services audits may be carried forward into 2021/22.

The ARA officer clarified to members that there were zero management actions outstanding following Quarter 3 for 2020/21.

The ARA officer then went through some amendments that had been made to the published draft PSIAS self-assessment, the self-assessment is completed by the Internal Audit Lead, with input and oversight from the Head of Service and CEO. Councillor Campbell-Savours requested further information in relation to the self-assessment including the format it takes in other authorities, the ARA Officer agreed to look into this and email the information.

Members were then presented with the Report Summaries for the Financial Services Review and Ethics and Culture Review.

For the Financial Services review, two recommendations were made in relation to training and benchmarking.

Questions and debate ensued in relation to job descriptions, specifically budgeting, financial management and forecasting.

For the Ethics and Culture Review, two recommendations were made in relation to managers assurance and quality assurance.

Members asked questions in relation to register of interest forms and the testing that was undertaken, it was confirmed that a sample of forms were tested. The Monitoring Officer also confirmed to members that work is ongoing in relation to members register of interest forms such as guidance notes and electronic forms.

Following questions in relation to 'Areas of Improvement' and why they were not followed up, the ARA officer clarified to members that this is based on risk appetite and assessment and if an area of improvement is a risk, it would become a recommendation.

Members and officers agreed to hold workshops in relation to the Roles and Responsibilities and understanding around the council's risk appetite.

### **Agreed**

Members noted the contents of the report.

## **298. Audit Progress Report and Sector Update**

Richard Anderson (Grant Thornton UK LLP) presented the Progress Report and Sector Update. Audit planning has begun for 2020/21 and this involves initial discussions with officers, internal audit reports and a review of minutes from Council and Committee meetings. The interim audit work will take place in March 2021.

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM) There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Members were then advised of the Audit Deliverables, with the Annual Audit Letter to be presented at the next Audit Committee, and the Audit Fee and Plan due March 2021.

The Redmond Review was then discussed with members being advised of the key recommendations from the report which include

- A new regulator - the Office of Local Audit and Regulation (OLAR) to replace the Financial Reporting Council's (FRC) role and that of Public Sector Auditor Appointments (PSAA)
- Scope to revise fees - the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements
- Move back to a September the deadline for Local Authorities
- Accounts simplification - CIPFA/LASAAC be required to review the statutory accounts to determine whether there is scope to simplify the presentation of local authority accounts

One of the recommendations was for local authorities to implement:

The governance arrangements within local authorities be reviewed by local councils with the purpose of:

- an annual report being submitted to Full Council by the external auditor.
- consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and
- formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.

Members asked questions in relation to the Redmond Review on value for money, and how the Audit Committee can implement any recommendations.

The Monitoring Officer explained to members that the statutory officers will be reviewing the Redmond Review and its implications and will report to Audit Committee.

Debate then ensued in relation to the recommendations from the review.

Members were then advised that the Annual Audit Letter will be replaced by an Annual Audit Report, which will be more complex, more involved and will lead to better quality working achieving more impact.

Further questions then followed from members in relation to 'kick start housing' and local government re-organisation.

### **Agreed**

Members noted the contents of the report.

**The meeting closed at 3.45 pm**