

At a meeting of the Audit Committee held in Theatre - The Wave Centre, Maryport on Tuesday 29 June 2021 at 2.00 pm

## **Members**

Councillor Alan Tyson (Chair)  
Councillor Markus Campbell-Savours  
Councillor Janet King

Councillor Mary Bainbridge (Vice-Chair)  
Councillor Patrick Gorrill

Apologies for absence were received from Councillor Vaughan Hodgson and Councillor George Kemp

## **Staff Present**

L Jardine, P McKenzie and S Sewell

## **Also Present**

G Kelly

### **76. Minutes**

Councillor Campbell – Savours commented that the Audit Committee had not yet received a copy of the Procurement Task and Finish Group Report, as stated in the minutes.

Democratic Services confirmed that they are liaising with the Monitoring Officer and the committee will be provided with the report as soon as possible.

The minutes of the meeting held on 25 February 2021 were signed as a correct record.

### **77. Declaration of Interests**

None declared

### **78. Questions**

None received

### **79. Assurance, Risk and Audit Year End Report 2020/21**

The Audit, Risk and Assurance (ARA) officer presented the report which was to inform the Committee of the work performed by the Assurance, Risk and Audit Team in the financial year 2020/21 and to provide the annual assurance opinion.

Members then asked questions in relation to corporate support, resourcing in Audit and HUB Management. Officers confirmed that Audit resourcing is affected by the vacancy for the Audit Manager role. Alternative methods of Audit delivery are being considered including shared services. Audit work on the HUB

Management will cease in 2021/22 and the ARA officer confirmed that they would circulate a list of the tasks which are covered by 'Corporate Support'.

The ARA Officer also provided a summary of the Financial Systems Key Controls Review and Cyber Security Review, stating that the reviews were very positive. The Finance and HR team are implementing a new ERP system which should provide audit records of changes/transactions.

Members asked questions in relating to working from home, including cyber security risks. Members were advised that cyber risks associated with mobile working were a key control in the review and were provided with a brief of the testing that took place.

Members also asked questions in relation to phishing testing, which will be completed later in the year, the report will then come back to the committee.

Members noted the contents of the report.

#### **80. The Internal Audit Charter**

The Audit, Risk and Assurance (ARA) officer presented the report which sets out how the ARA team intend to deliver an Internal Audit Service in line with the Public Sector Internal Auditing Standards (PSIAS) 1 April 2017.

The ARA officer then provided some clarity in relation to the wording of the report and that the external assessment of internal audit will be undertaken in 2022.

Members approved the recommendations as set out in the report.

#### **81. Audit Plan and Strategy 2021/22**

The Audit, Risk and Assurance (ARA) officer presented the report for 2021/22, which included the resource plan and the strategy in line with Public Sector Internal Auditing Standards (PSIAS) 1 April 2017

Members were made aware of a key change to the strategy in relation to Financial Services, from 2021/22 a three-year programme has been put in place which ensures that each main financial system is reviewed in more depth at least once every three years. Management also has a responsibility to ensure that all financial systems continue to effectively operate each year.

In response to a question relating to the LATCO, the ARA officer explained that the LATCO is within the Audit Plan as it is a partner and it is built into the contract. To assist members, correspondence will be distributed which will explain the assurance scope and relationship of the ARA Team with the LATCO.

Further questions were asked in relation to the LATCO, Value for Money, Risk Management and the impact resourcing is having on internal Audit.

Members commented that the ARA team had been performing well given the reduced resources available. Debate ensued in relation to resourcing and how the team manage workload.

In relation to the specific ARA plan, clarity was provided to members on how the days are calculated and the spreadsheet will be circulated to members.

Members approved the recommendations as set out in the report.

## **82. Redmond Review**

The Monitoring Officer presented the report and provided the Committee with an overview of the report on the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, known as the 'Redmond Review'.

Members were provided with a summary of the report and the recommendations that will affect Allerdale Borough Council, in particular recommendation four.

The Monitoring Officer explained that in response to the recommendation four,

- The Council will discuss with the external auditor the presentation of the 2020/21 Annual Audit Letter to the full Council.
- Request the Constitution Review Group to consider the benefits and pitfalls of appointing an independent non-elected member, or members, to the Audit Committee perhaps utilising a joint appointment with another public body but without compromising the role of elected representatives.
- Formalise the process which sees the auditor meet frequently with key statutory officers.

The Monitoring Officer provided a brief overview of some of the other key recommendations.

Gareth Kelly (Grant Thornton LLP) commented on the Redmond Review and advised that Grant Thornton LLP fully supports the review and had contributed to the consultation, explaining that most of the recommendations are already in place, the review formalises the actions.

Questions were asked in relation to value for money and the role of the Audit Committee when focusing on Value for Money. Extensive debate then ensued, including discussions surrounding 'deep dives' into areas of work/projects and/or areas of concern.

Members noted the contents of the report.

## **83. Annual Governance Statement 2020/21**

The Monitoring Officer presented the Annual Governance Statement for 2020/21. The officer provided a summary of the key areas including procurement, Allerdale Waste Services, Local Government Reorganisation, the targeting operating model, and the Covid-19 pandemic.

Councillor behaviour and the code of conduct was debated, with members expressing concerns about the lack of sanctions. Officers advised that a new model code of conduct will be implemented and training will be provided for borough and town/parish councillors.

Members then approved the draft Annual Governance Statement 2020-21.

#### **84. Progress Report and Sector Update**

Gareth Kelly (Grant Thornton LLP) presented the report, and members were advised that the Audit Plan was not ready for presentation at this meeting, but the report will be circulated in July 2021. The delay has mainly been due to legacy 2019/20 local government Audits, and the delivery of NHS Audits.

Members were also advised of an extension to the financial statement work, which is now due to be completed late September 2021. The timescale to complete the Auditors Annual report has also moved by the National Audit Office until December 2021.

Members were also advised of the new Value for Money Framework, including Financial Sustainability, Governance and the Three Es (efficiency, effectiveness and economy).

Members noted the contents of the report.

#### **85. Audit Fee Letter**

Gareth Kelly (Grant Thornton LLP) presented the Audit Fee Letter, explaining that the fee has increased inline with the Redmond Review, the new Audit Framework and the additional Audit work across Value for Money, ISA540 Estimates and ISA240.

Members discussed the Audit Fees and the remote Audit that was completed for 2020/21.

Members noted the contents of the Audit Fee Letter.

**The meeting closed at 4.25 pm**