

COUNCIL MEETING – 08 DECEMBER 2020

REPORT OF THE VIRTUAL AUDIT COMMITTEE

24 November 2020

Present: Councillors Weatherill (Chairman), Bell (Vice-Chairman), Henley, L Lawman and Simmons.

Also present: Mr S Darcy, (Director & S151 Officer), Mr E Symons (Assistant Director) Mr M Watkins (Head of Internal Audit), Mr N Harris, (Associate Partner at EY), Miss N Harewood (Policy and Compliance Officer), and Mr S Whiteley (Electoral Services Team Leader).

1. APOLOGIES FOR ABSENCE

RESOLVED to note that apologies were received from Councillor Allebone and Councillor Francis.

2. DECLARATIONS OF INTEREST

RESOLVED to note that in accordance with the Localism Act 2011, the council's code of conduct and the council's constitution, the under-mentioned councillors declared an interest in the following items:

| Councillor | Minute | Report Title | Reason |
|------------|--------|--|---|
| Simmons | 5 | Progress report on internal audit activity 2020-21 | Registerable interest – has submitted three claims for two organisations for Retail, Hospitality and Leisure Grants |

3. CONFIRMATION OF MINUTES

RESOLVED that the minutes of the meeting held on 28 July 2020 be confirmed and signed.

4. RISK MANAGEMENT UPDATE

The annexed circulated report of the Section 151 Officer was received to provide members with a summary of the council's management of risk and advise of the current key corporate risks along with an overview of the control of those risks.

The chairman invited Miss Harewood to present the report. Miss Harewood introduced her report and she highlighted that the findings on the risk management audit would be moving the findings from moderate to significant assurance.

Members discussed the report and expressed their satisfaction with the positive findings. Members recognised the impact that the coronavirus pandemic had taken on the risk management activities and queried whether work had been undertaken alongside other local authorities considering local government reform.

The Section 151 Officer outlined that there were some high level conversations and that local risk registers were being considered to help inform a North Northamptonshire Council risk register.

RESOLVED that the risk management update report be noted.

5. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY 2020-21

The annexed circulated report of the S151 officer was received to brief members on the work carried out by the internal audit service for the first seven months of the 2020-21 financial year to the end of October 2021.

The chair invited Mr Watkins of CW Audit to present the report. Mr Watkins referenced back to the previous report and provided comment that significant improvements had been made in the council's risk management processes.

He explained that any recommendations were being made alongside considerations for North Northamptonshire Unitary council and that CW Audit were encouraging a collaborative approach between the four district and borough councils.

Mr Watkins outlined some of the work that had been undertaken with regard to the small business grant fund and the retail, hospitality and leisure grant fund, with £17.8m grant funds to be paid out, with £15m paid at the time of the audit work. There had been considerable pressure to make the fund payments rapidly and Mr Watkins explained that CW Audit had assisted the development of controls as the team delivered the grants, with significant assurance given to both grants. He also thanked the council staff with assisting with the audit work.

Mr Watkins also explained his review of the recommendation tracker, and outlined how many of the recommendations had been closed, although they would need to be considered against the needs of the new unitary authority. He explained that some of recommendations left on the tracker were relating to cyber security, alongside a piece of work being delivered against these recommendations, which enabled CW Audit to sign off what had been implemented during a live audit. He ended by stating that whilst there was work ongoing, significant progress had been made on cybersecurity.

Members discussed the report and queried whether there had been any cases of fraud identified in the grant payments, and whether a full ICT disaster recovery plan would be in place.

Mr Darcy and Mr Watkins discussed members questions and explained that whilst the sample size had been increased due to the large number of payments, no fraudulent applications had been paid. There had been a very small instance of fraudulent applications that had been captured before they had moved to payment. Mr Darcy also outlined that whilst undocumented, there had been a significant ICT outage earlier in 2020 and that services were still delivered, helping to establish the basis of a disaster recovery plan.

There was a short discussion that followed around who would be providing audit services for the new unitary authority, with confirmation that, whilst multiple

arrangements would be in place, in the short term internal audit would be provided through the Lead Partner model of Shared Services by Milton Keynes.

The chair thanks both the officers involved and Mr Watkins of CW Audit for the report and their work undertaken.

RESOLVED that the progress report on internal audit activity be noted.

6. 2019/20 EXTERNAL AUDIT UPDATE

The annexed circulated report of the S151 officer was received to inform the committee of the external of the external auditor's latest position.

The chair invited Mr Harris of EY to present his report. Mr Harris outlined the report as an audit planning report for external audit of the council's financial statements for the financial year ending 31 March 2020, and the responsibility of EY under the National Audit Office's code of audit practice to review the council's arrangement for economic efficiency and use of resources and to provide a 'value for money' conclusion.

Mr Harris confirmed that the risks in the audit plan remained appropriate. He went on to explain that EY were working collaboratively with financial officers of the council, and EY were satisfied with the assumptions made by the valuer of the council's assets.

Mr Harris went on to say that the audit was still progressing due to staffing constraints both at EY and at the council, and to changing workloads during the coronavirus pandemic, but that EY were working toward a conclusion of the audit at the end of the calendar year.

He closed by saying that Wellingborough were in a good position relative to other councils in Northamptonshire, and that EY were working with the interim chief financial officers from the two new unitary authorities on the viability and liquidity of the new authorities following local government reform. He also confirmed that there were no matters of concern from EY's audit testing to date.

Members discussed the report and some concerns around that the audit was not ready to sign off at this meeting, and requested a steer on how close EY would be to signing off the pensions fund audit.

Mr Harris explained that the assurances were due within the next few weeks, citing that an impact due to triennial reviews had delayed pension fund auditing across the country.

Members and Mr Darcy discussed the possibility for an additional audit committee meeting to sign off on the external audit once completed.

RESOLVED that the 2019/20 external audit update be noted.

Chairman

The meeting concluded at 8:10pm