

**AUDIT COMMITTEE
11TH JULY 2023**

PRESENT: The Chair (Nellist)
The Vice Chair (Councillor Popley)
Councillors Cory-Lowsley, Infield, Knight and
Maynard

Director Finance, Governance and Contracts
Director Commercial and Economic Development
Director Customer Experience
Head of Governance and Human Resources
Head of Finance
Head of Transformation, Strategy and
Performance
Audit Manager
Internal Auditor
Information Technology Delivery Manager
Democratic Services Officer (RD) and Democratic
Services Officer (NC)

APOLOGIES: Councillor Hadji-Nikolaou

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. She also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

1. APPOINTMENT OF VICE-CHAIR 2023-24

Councillor Popley was nominated to take the role of Vice-Chair of the Audit Committee and the Committee unanimously voted in favour of his appointment.

RESOLVED that Councillor Popley be appointed as Vice-Chair of the Audit Committee for 2023-24.

2. MINUTES FROM THE PREVIOUS MEETING

Due to the start of the term of office following the Borough Election, it was recognised that the Committee members present were all new.

The minutes of the meeting of the Committee held on 25th April 2023 were therefore noted.

3. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

4. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

5. AGENDA VARIANCE

RESOLVED that Item 12 – Treasury Management (Q4) Outturn Report be considered before items 6 to 11 on the agenda.

Reason

The Head of Finance had a prior arrangement that she needed to attend and the Committee considered it acceptable to consider her item first.

6. TREASURY MANAGEMENT (Q4) OUTTURN REPORT

A report of the Head of Finance was submitted providing the Committee with the Council's Treasury Management, Investment Management and Prudential Code Outturns for 2022/23 (item 12 on the agenda filed with these minutes).

The Head of Finance attended the meeting virtually to assist the Committee with its consideration of the report and highlighted the key areas of the report.

Members queried two large underspends and whether they were due to planned activities not being taken. The Head of Finance confirmed that this was the reason which was due to delays following the introduction of new contractors. Opportunities for spending in 2023/24 would be investigated.

It was noted that underspending was considered a performance issue that many Councils were facing and Charnwood Borough Council's Finance and Performance Scrutiny Committee reviewed this on a quarterly basis.

RESOLVED that the Committee noted the report.

Reasons

To ensure that the Council meets the regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23, and that the requirements of both the CIPFA Code of Practice on Treasury Management (the code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) are met.

7. INTERNAL AUDIT PLAN - PROGRESS

A report of the Head of Governance and Human Resources was submitted providing the Committee with a summary of the progress against the 2023/24 Audit Plan, outlining key findings from final reports and any outstanding recommendations (item 6 on the agenda filed with these minutes).

The Audit Manager attended the meeting virtually to assist the Committee with its consideration of the report.

It was noted that there had been delays with some recommendations and reassurance was given to the Committee that these were being reviewed by the Senior Leadership Team on a monthly basis and that the Audit Manager would highlight any concerns if support was needed.

With reference to a recommendation regarding the IT health check audit and identifying target timescales to undertake operational testing, it was the Audit Manager's view that the requirements had not been met. It was agreed that the Audit Manager and Director of Customer Experience would have further discussion and provide additional details concerning the recommendation.

RESOLVED:

1. That the Audit Committee noted the report;
2. That the ICT recommendation be brought back to Audit Committee for discussion at the September 2023 meeting.

Reasons

1&2 To ensure that the Committee was kept informed of the progress against the Internal Audit Plan and work of Internal Audit.

8. 2022/23 INTERNAL AUDIT ANNUAL REPORT

A report of the Head of Governance and Human Resources was submitted providing the Committee with one of the sources of evidence used to inform the production of the Annual Governance Statement (item 7 on the agenda filed with these minutes).

The Audit Manager attended the meeting virtually to assist the Committee with its consideration of the report. It was noted that the report included a summary of the internal audit work carried out during 2022/23 which supported the Audit Manager's reasonable assurance that there was generally a sound system of governance, risk management and controls in place.

RESOLVED that the Committee noted the report.

Reason

To enable the Committee to consider the report prior to receiving the Annual Governance Statement for consideration.

9. UPDATE ON THE IMPLEMENTATION OF THE CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022

A report of the Head of Governance and Human Resources was submitted providing the Committee with an update on the initial meeting of the CIPFA Position Statement:

Audit Committees in Local Authorities working, as agreed at Audit Committee on 25th April 2023 (item 8 on the agenda filed with these minutes).

The Audit Manager attended the meeting virtually to assist the Committee with its consideration of the report.

In response to a question, it was noted that the Working Group had discussed the requirement for recruitment of a second co-opted independent member to the Audit Committee and that the job description had been circulated to members of the Working Group. It was confirmed that an update to the Constitution stating the membership of Audit Committee would be updated at a Council meeting, to be arranged by the Democratic Services Manager.

RESOLVED

1. That the Audit Committee noted the report;
2. That the Audit Committee agreed the proposed action plan detailed in appendix 1.

Reasons

1&2. To ensure that the Committee meets its statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

10. COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS (RIPA)

A report of the Head of Governance and Human Resources was submitted providing the Committee with a summary of the Council's use of RIPA powers (item 9 on the agenda filed with these minutes).

The Head of Governance and Human Resources attended the meeting to assist the Committee with its consideration of the report. He provided an explanation to the Committee's new members about the Council's requirements relating to RIPA.

It was confirmed that the Council was required to report on its use of RIPA even if it was not used and when the Police used CCTV equipment provided by the Council, they used their own RIPA process.

RESOLVED that the Committee noted that there had been no use of RIPA powers by the Council for the period from 1st April 2023 to 31st May 2023.

Reason

To enable the Committee to comply with the request from Cabinet that the Audit Committee assumes responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the Policy or that the Policy may not be fit for purpose.

11. ALLOWANCES AND EXPENSES CLAIMED BY COUNCILLORS AND CO-OPTED MEMBERS

A report of the Head of Governance and Human Resources was submitted providing the Committee with the amounts claimed in allowances and expenses by Councillors and co-opted members under the Council's Members' Allowances Scheme for 2022/23 (item 10 on the agenda filed with these minutes).

The Head of Governance and Human Resources attended the meeting to assist the Committee with its consideration of the report and explained that Allowances and Expenses were reported to the Committee on an annual basis and also published on the Council's website. He noted that the Council had tight controls in both Democratic Services and Payroll with claims being checked and proposed that the item was removed from the Committee's Work Programme.

RESOLVED

1. That the amounts claimed in allowances and expenses by Councillors and co-opted members be noted;
2. That the item be removed from the Committee's Work Programme;
3. That the Head of Governance and Human Resources would bring any issues identified to the Committee's attention at future meetings.

Reasons

1. To enable the Committee to ensure that the operation of the Members' Allowances Scheme complied with the published standards and controls;
- 2&3. Members were satisfied that the Head of Governance and Human Resources would monitor the Member Allowances position and would alert the Committee to any issues to be considered.

12. ANTI-FRAUD AND CORRUPTION STRATEGY AND WHISTLEBLOWING STRATEGY

A report of the Head of Governance and Human Resources was submitted providing the Committee with information on the operation of the Anti-fraud and Corruption Strategy and Whistle-blowing Policy during 2022/23 (item 11 on the agenda filed with these minutes).

The Head of Governance and Human Resources attended the meeting to assist the Committee with its consideration of the report and explained that this was an annual report reviewing the strategy and that although there were no incidents to be reported this year, there had been reports of fraud brought to the Committee in the past and it was therefore important for the Committee to continue monitoring the strategy on an annual basis.

RESOLVED that the Committee noted the information provided within the report on the operation of the Anti-Fraud and Corruption Strategy and the Whistle-blowing Policy.

Reason

To ensure the Committee was kept up to date on the operation of the policies and instances where they had been applied.

13. RISK MANAGEMENT (RISK REGISTER)

A report of the Head of Transformation, Strategy and Performance was submitted providing the Committee with details of the Strategic Risk Register produced for the period to 2023/24 (item 13 on the agenda filed with these minutes).

The Head of Transformation, Strategy and Performance attended the meeting to assist the Committee with its consideration of the report.

The risk register was reported on a quarterly basis and it was highlighted that the 2023/24 Risk Register had been approved by Cabinet on 9th March 2023. Pages 96 and 97 of the agenda report pack were brought to the Committee's attention where notable changes made to the Strategic Risk Register for 2023 had been outlined.

In response to questions it was noted that:

- the 'Mighty Oak' exercise that had taken place in March 2023 had shown the difficulties that would be faced if there was a major power-outage in the future. The Council would need to be clear on where its responsibilities were. Other agencies would be responsible for care and public safety, but the Council would plan to have a pool of staff who would be able to meet in this situation and look at what was needed and what could be provided, for example food supplies;
- in relation to the recruitment of a Business Continuity Officer it was confirmed that the recruitment process had begun and that the role would be shared across six District Councils;
- an internal review of recruitment was taking place and had been delayed due to ongoing work on I-Trent for the HR service, but was due to be completed by the end of September 2023;
- it was confirmed that a review of agency staff and allocations had taken place. There were currently 35 agency staff and permanent staffing was being investigated;
- regarding Strategic Risk 11 (Housing Demand) it was confirmed that this was a new risk added to the register last year due to properties and housing demand. Once the treatments and controls were in place the residual risk would be reviewed;
- it was confirmed that the target date for the roll-out of Modern.gov was April 2023 and the majority of Committees had now been moved over to the system with the exception of Delegated Decisions. A follow-up discussion would be held with the Democratic Services Manager.

RESOLVED that the Committee noted the report.

Reason

To ensure the Committee was kept informed of progress against the Strategic Risks, noting that should the risks occur they would cause the Council to be unable to operate and/or provide key services leading to a significant effect on public wellbeing.

14. ENVIRONMENTAL AUDIT (OUTCOMES)

A report of the Director of Commercial and Economic Development was submitted updating the Committee on the outcome of environmental audits undertaken for April 2023 (item 14 on the agenda filed with these minutes).

The Director of Commercial and Economic Development attended the meeting virtually to assist the Committee with its consideration of the report and noted that eight non-compliances with requirements were found. These had been considered by the Senior Leadership Team (SLT) who were satisfied that there were no major issues putting the Council at risk.

A question was asked about the possible expansion to a Borough-wide auditing of environmental outcomes, however it was felt that this would be complex. The Director of Commercial and Economic Development agreed to arrange a meeting with interested Members, the Head of Regulatory Services and the Cabinet Lead Member to consider a way forward.

RESOLVED that the Committee noted the outcome of the environmental audit process, including the identified actions for any mitigation required.

Reason

To ensure the Committee was kept informed of the Council's approach to managing environmental risks related to the in-house Environmental Management system.

15. WORK PROGRAMME

A report of the Director of Finance, Governance and Contracts was submitted to enable the Committee to consider its Work Programme (item 15 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report.

It was agreed that:

- the IT Annual Health-check be added to the Work Programme annually in July going forward;
- Financial statements training would be arranged to take place before the Committee's Accounts meeting in November 2023;
- Treasury Management training would be arranged before the Committee meeting scheduled in January 2024.

The Committee decided there were no issues it wished to raise with the Scrutiny Commission.

RESOLVED that the Committee proceeds on the basis of the Work Programme attached to the agenda, with any amendments and inclusions agreed at this meeting.

Reason

To enable the Committee to identify future items of business and enable planning for future meetings to be undertaken, for example preparing reports and arranging for the attendance of officers and/or others at meetings.

16. EXEMPT INFORMATION

RESOLVED that members of the public be excluded from the meeting during the consideration of the following items on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Democratic Services Officer stopped the sound recording of the meeting.

17. INVESTMENT PERFORMANCE REPORT - Q1 2023-24

An exempt report of the Director of Commercial and Economic Development was submitted updating the Committee on property investment performance up to the end of Q4 2022/23 (item 17 on the agenda filed with these minutes).

RESOLVED that the Committee noted the report.

Reason

As set out in exempt minute 17E.

18. ANNUAL IT HEALTH CHECK (CODE OF CONNECTION)

An exempt report of the Director of Customer Experience was submitted to provide the Committee with assurances on the security of the Council's network (item 18 on the agenda filed with these minutes).

RESOLVED that the discussions as set out in Exempt minute 18E and the report be noted.

Reason

As set out in the exempt minute 18E.

NOTES:

1. No reference may be made to these minutes at the next ordinary Council meeting unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
2. The following officers attended virtually to assist the Committee in its consideration of reports: Director, Commercial and Economic Development, Director of Customer Experience, Head of Finance and Audit Manager.
3. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.