

**AUDIT COMMITTEE
22ND DECEMBER 2020**

PRESENT: The Chair (Mr Angell)
The Vice Chair (Councillor Bolton)
Councillors S. Bradshaw, Charles, Parsons,
Boldrin and Taylor

Strategic Director; Environment and Corporate
Services
Head of Strategic Support
Head of Financial Services
Internal Auditor
Senior Auditor
Democratic Services Officer NWLDC (RW)

APOLOGIES: none

The Vice-chair stated that the meeting would be live streamed and the recording 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.

32. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting held on 25th November 2020 were confirmed as a correct record and signed.

33. DISCLOSURES OF PECUNIARY AND PERSONAL INTEREST

No disclosures were made.

34. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

The Chair joined the meeting at 6.05pm and took over chairing the meeting from this point.

35. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

In the absence of a representative from the External Auditors, a verbal update was provided by the Strategic Director; Environment and Corporate Services.

The Committee were advised that the position remained the same with regards to the Annual Statement of Accounts, sign off was still not possible due to the incomplete audit of the pension fund. Members were told that this was an issue affecting all local authorities in Leicestershire and that generally, due to COVID, delays in audit completion was affecting many local authorities across the country.

RESOLVED That the update be noted.

Reason

To acknowledge the Committee's consideration of this item.

36. TREASURY MANAGEMENT MID-YEAR REVIEW

A report of the Head of Financial Services was submitted reviewing the Treasury Management Strategy and the Annual Investment Strategy (item 6 on the agenda filed with these minutes).

The Strategic Director; Environment and Corporate Services and the Head of Financial Services attended to assist with the consideration of this item.

It was noted that there was a minor error in the table at section 4.1 'Prudential Indicator for Capital Expenditure', the totals were correct, but it did not show that they cross cast, therefore it would be amended.

Members discussed the possible increase in risks in relation to the investment portfolio due to the Covid-19 outbreak. The Committee was reassured that officers worked closely with the external treasury advisors and weekly checks were undertaken on the position of all investments.

Following a query in relation to the MRP Strategy, it was confirmed that as it was a new financial transaction for the 2021/22 budget, a new account entry would be required going forward and that the income would form an unusable reserve that would be continually monitored. It was also noted that a report would be considered in the new year when more information was available, and the Head of Financial Services confirmed that all financial transactions in relation to commercial property would be recorded following the CIPFA Code of Practice.

In reference to the allocation of funds for the Enterprise Zone, it was noted that there were further projects in the pipeline and a report could be available for presentation to Cabinet in February 2021. It was noted that due to tight reporting timescales, there was a possibility that Council would not consider the report until February rather than January as stated in the implementation timeline.

RESOLVED That it be recommended to Council to note this mid-year review of the Treasury Management Strategy Statement, Prudential Borrowing and Treasury Indicators plus the Annual Investment Strategy, as set out in Part B

Reason

To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the Revised CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and Treasury Management Policy Statement, that funding of capital expenditure is taken within the totality of the Council's financial position, and that borrowing and Investment is only

carried out with proper regard to the Prudential Code for Capital Finance in Local Authorities.

37. INTERNAL AUDIT PROGRESS REPORT 2020/21 Q3 (INTERIM)

A report of the Head of Strategic Support was submitted summarising the progress against the 2020/21 Audit Plan (item 7 on the agenda filed with these minutes).

The Head of Strategic Support and Senior Auditor attended to assist with the consideration of this item.

It was noted that there was an error in recommendation 4.1 of Appendix C 'Recommendations Tracker' as the target date should state 'March 2021' rather than 'October 2020'.

The Committee were advised in response to questions that:

- the external assessment of Internal Audit carried out in November had been commissioned by the Internal Audit Service and the Chair of the Audit Committee had been interviewed as part of the process. It was agreed for the name of the assessor to be provided to the Vice-chair.
- The target for planned work was very achievable as at present the plan was 70 – 75% complete and everything was in place to start the engagement process with team managers at the beginning of January.
- There was an escalation policy in place to involve senior members of staff when responses were not received from follow up emails sent by Internal Audit. This route was usually successful but in relation to the Voids Management audit, it had unfortunately been a very difficult year.
- It was expected that the money lost from overpayments and fraudulent claims through the business grants during the Covid-19 outbreak would be covered by Central Government, however process guidance was still pending. The Committee's disappointment in relation to the number of fraudulent claims was noted. Also, the hard work undertaken by officers to administer the grant scheme was recognised.

RESOLVED that the committee noted the progress report as set out in Appendix 1.

Reason

To ensure the Committee is kept informed of progress against the Internal Audit plan and work of Internal Audit.

38. RISK MANAGEMENT (RISK REGISTER) UPDATE

A report of the Strategic Director; Environment and Corporate Services was submitted providing details of the Strategic Risk Register produced for the period 2020-21 (item 8 on the agenda filed with these minutes).

The Strategic Director; Environment and Corporate Services attended to assist with the consideration of this item.

The Committee were advised in response to questions that:

- In relation to risk SR4 'significant reduction in external funding and/or income generated', the high number of treatments and controls were necessary due to the nature of the risk. It was very difficult to impact the risk directly, therefore the controls were put in place to attempt to have an influence as it required a lot of monitoring.
- In relation to risk SR6 'the proposed Environment Bill', it would be continually monitored but as implementation was not planned until 2023/24, it was not something to be concerned with for the upcoming budget.
- In relation to risk SR2 'inadequate data sharing and data security arrangements', the Committee was reassured that an exercise had been undertaken due to the exit from the European Union and that as the authority had no offshore data storage, it was compliant.

RESOLVED that the Committee noted the report.

Reason

To ensure the Committee is kept informed of progress against the strategic risks that should they crystallise would cause the Council to be unable to operate and/or provide key services leading to a significant adverse effect on public wellbeing, and also about the COVID-19 risk register.

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

A report of the Head of Strategic Support was submitted providing a summary of the Council's use of RIPA powers (item 9 on the agenda filed with these minutes).

The Head of Strategic Support attended to assist with the consideration of this item.

RESOLVED that the Committee noted there had been no use of RIPA powers by the Council for the period from 1st September 2020 to 30th November 2020

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.

40. WORK PROGRAMME

A report of the Head of Strategic Support was submitted to enable the Committee to consider its work programme (item 10 on the agenda filed with these minutes).

In relation to the wording of Action 2, the Committee welcomed including a quarterly standing item on commercial property acquisitions but considered that the wording should be widened to allow any aspect of the Commercial Investment Strategy to be

reviewed, not just the acquisition element. During the discussion, reference was made to the monitoring of the performance of the strategy which all felt would sit better with a scrutiny committee rather than the Audit Committee; however all were in agreement that having sight of the performance data would help Members review the governance aspect.

The following wording was agreed for Action 2:

‘that a standing item is included on the Committee’s work programme to review the governance and risk aspect of the Commercial investment and performance on a quarterly basis.’

Officers confirmed that the first quarterly report would be presented to the Audit Committee in February.

RESOLVED

1. that the Committee proceeds on the basis of the work programme as attached to this agenda item, incorporating decisions made at this meeting;
2. that a standing item is included on the Committee’s work programme to review the governance and risk aspect of the Commercial investment and performance on a quarterly basis.

Reason

1. 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.
2. To ensure that Commercial Property acquisitions are monitored appropriately to ensure transparency and due diligence.

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. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.