

**AUDIT COMMITTEE
28th June, 2022**

Present:- Councillor Baker-Rogers (in the Chair); Councillors Cowen and Wyatt.

Apologies for absence were received from Mr John Barber, Independent Person and Councillors Mills and Wooding.

1. MINUTES OF THE PREVIOUS MEETINGS HELD ON 15TH MARCH AND 12TH APRIL, 2022

Consideration was given to the minutes of the previous meetings of the Audit Committee held on 15th March 2022 and 12th April, 2022. It was noted that these had already been considered by Council.

An update was provided regarding Minute No. 100 of 12th April, 2022, regarding the Public Interest Report 21 001 468 completed by the Ombudsman. The Council had received a letter from the Ombudsman indicating they welcomed the action taken and thanked the Council for a comprehensive response and was pleased to inform the Council that they were satisfied and felt the matter was closed.

In response to a query the Strategic Director of Finance and Customer Services indicated that she would check if all parties had been informed of the resolution and update the Chair outside of the meeting.

Resolved:- That the minutes of the previous meetings of the Audit Committee be approved as a correct record of proceedings.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest to report.

3. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the press or public present at the meeting.

4. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute No. 113 (Adult Social Care and Public Health Directorate Risk Register) as it involves the likely disclosure of exempt information as defined in the Paragraph 3 (financial information) of Part 1 of Schedule 12A to the Local Government Act 1972.

5. RISK MANAGEMENT ANNUAL SUMMARY 2021-22

The Corporate Improvement and Risk Manager presented the report that summarised the principal risk management activity that has been carried out in Council throughout the past financial year. It covered a wider range of topics than the regular report on the Corporate Strategic Risk Register (which will be presented to the next Committee meeting) and aimed to cover both the movements in strategic risks that had occurred over the period and the key elements of the Council's risk management activity throughout the year.

He highlighted that it was a shorter report than that submitted last year. This was because the impacts of the Covid pandemic had reduced leading to the risk management processes returning to that of previous years. Testing was being undertaken on the online risk management training tool. The Committee was advised that that Internal Audit had completed their annual review of Corporate Risk Management and three out of the four recommendations had already been implemented. The report presented an overall picture of the Council's risk profile which was improving.

It was clarified that each Directorate had one formal Risk Champion, however, some Directorates had chosen to have a Risk Champion in place for specific areas. Whilst the Risk Champion ensured risk registers were updated, it was clarified that the responsibility for the risk stayed with the manager.

In response to a query, the Committee was assured that discussions would be held with the Risk Champion for Children and Young People's Services to consider if further deputies were required for the various functions of that service. It was explained that the title of 'Risk Champion' had been created in 2016, with the Council having 'Champions' in other areas. It was felt that staff felt empowered by the title 'Champion', and it was a role that worked well within the Council.

The Chair raised queries regarding the movement of the Corporate Strategic Risks over the past two years as detailed below:-

- The concern regarding Risk SLT 07, Influenza Pandemic, previously had been due to the risk of contracting flu and Covid at the same time, however, the levels were not at the same height as previously experienced, therefore, the risk level had been reduced.
- Regarding risk SLT03, Tackling Family Poverty it was explained that the risk was being re-written.
- Regarding risk SLT19, Emergency Planning and Business Continuity, it was clarified that whilst this risk was being removed from the Corporate Strategic risk register it was still included on the Regeneration and Environment risk register.

- Although risk SLT34, Impact of EU Trade Deal on the Economy, was being removed from the Corporate Strategic risk register because of the national picture changing, the Regeneration and Environment risk register included several risks relating to the EU trade agenda.
- It was clarified that risks relating to the war in Ukraine had been reflected in other Directorate risk registers where appropriate.

Resolved: That the Audit Committee considered and noted the annual summary of risk management activity.

6. INTERNAL AUDIT ANNUAL REPORT 2021-22

Consideration was given to a report presented by David Webster, Head of Internal Audit, which summarised the work undertaken by the Audit Committee. Production of this report complied with current best practice for audit committees. It allowed the Audit Committee to demonstrate it had fulfilled its terms of reference and shared its achievements with the Council.

The Audit Committee Annual Report 2021/22 included details of the Committee membership during that period, a summary of the work undertaken, information on any training and development undertaken along with listing the Committee's Terms of Reference.

The Chair said the key findings within the report demonstrated an effective and efficient Audit committee although she expressed a concern regarding the turnover of members on the committee.

Resolved: That the draft Audit Committee Annual Report 2021/22 be approved for submission to Council.

7. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st March to 31st May, 2022, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report.

16 audits had been finalised since the last Committee meeting one of which had received Partial Assurance, 6 had received Reasonable Assurance and 8 had received Substantial Assurance as set out in Appendix B to the report.

Internal Audit's performance against a number of indicators was summarised in Appendix C. Targets were met or very nearly met for all Indicators. The appendix also included comments received from audit clients during the last 3 months.

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Discussion ensued with the following issues raised/clarified:-

- Management actions were tracked and reported back to Internal Audit.
- Management actions were also followed up within 6 months.
- A large amount of Internal Audit's time had been dedicated to the Covid Grant work with other work reducing, resulting in a reduction in the number of audit days. It was clarified the remaining days were used for other tasks.
- It was confirmed that the Internal Audit performance indicators were on track.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st March 2022 to 31st May 2022, and the key issues that have arisen from it be noted.

(2) That the information contained regarding the performance of Internal Audit and then actions being taken by management in respect of their performance be noted.

8. **AUDIT COMMITTEE ANNUAL REPORT 2021-22**

Consideration was given to a report presented by David Webster, Head of Internal Audit, on the role of Internal Audit, the work completed during the 2021/22 financial year and highlighted the key issues that had arisen. It provided the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment as well as the performance of the Internal Audit function during 2021/22.

Based upon internal audit work undertaken and taking into account other internal and external assurance processes, it had been possible to complete an assessment of the Council's overall control environment. In the opinion of the Head of Internal Audit, the Council had overall an adequate and effective framework of governance, risk management and control during 2021/22.

Appendix 1 of the report submitted included:-

- Legislative requirements and Professional Standards
- The Head of Internal Audit's annual opinion on the control framework, risk management and governance
- Resources and audit coverage during the year
- Summary of audit work undertaken during 2021/22 including both planned and responsive/investigatory work
- Summary of other evidence taken into account for control environment opinion
- Summary of audit opinions and recommendations made
- Internal Audit Performance Indicators

The Head of Internal Audit's opinion was that there was overall an adequate and effective framework of governance, risk management and control during the majority of the year.

The emergency measures implemented in response to Covid-19 continued during the year. Standards of governance and control were maintained with risk management being utilised to help manage the response.

Internal Audit had not issued any No Assurance audit opinions during the year and had given an opinion of Partial Assurance in 4 areas subject to audit, however, none were considered serious enough for inclusion in the Annual Governance Statement. Action plans had been agreed with management in respect of all final audit reports issues.

During the year, the Audit Team had supported the Finance Department in the processing of Business Support Grant, but this had only totalled 23 days. The unused days were used for investigations, grants and audit work. Overall resource levels provided sufficient capacity to provide an adequate level of assurance and sufficient work was completed to enable the Head of Internal Audit to provide his overall opinion.

Public Sector Internal Audit Standards (PSIAS) required that an assessment of the Internal Audit function must be undertaken annually with an external assessment at least every 5 years; in 2020-21 an external assessment was completed which showed general conformance with the standards. A Quality Assurance and Improvement Programme (QAIP) was put into place during 2021 using the results of the external assessment with the results reported to the Audit Committee in March 2022. 9 of the 11 actions from the external assessment had been implemented along with 3 of the 4 actions from the previous year. An updated QAIP, based on the external assessment, had been produced to maintain and increase the level of conformance within the team.

The Chair queried if Internal Audit worked to external audit standards and if it was a risk if they changed in relation to the identified risk relating to 'Management introduces new systems / Processes with inadequate controls'. The Head of Internal Audit explained that there was a risk, however, it was unlikely. He had a stable, competent department.

In response, the Head of Internal Audit explained they had engaged the services of another local authority's ICT Internal Audit team to complete 2 audits during the year due to a lack of that particular expertise within the department.

The Head of Internal Audit explained that the team's performance against a number of key indicators had been affected by things such as annual leave. Although 3 red recommendations had been made within audits conducted within the Finance and Customer Services Directorate, there were no areas of concern as opinions were provided in relation to each

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audit. He clarified that planning meetings were held with each Directorate every 6 months, which could trigger more audits in certain areas in comparison with others.

Resolved:- (1) That the Internal Audit work undertaken during the financial year 2021/22 and the key issues that have arisen from it be noted.

(2) That the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council be noted.

9. AUDIT COMMITTEE FORWARD PLAN

Consideration was given to the proposed forward work plan for the Audit Committee covering the period July 2022 to June, 2023.

Resolved: That the Audit Committee forward work plan, as now submitted, be approved.

10. ADULT CARE, HOUSING AND PUBLIC HEALTH (ACPH) DIRECTORATE RISK REGISTER

Consideration was given to a report, presented by Nathan Atkinson, Assistant Director Adult Care Strategic Commissioning, providing details of the Risk Register and risk management activity within the Adult Care, Housing and Public Health Directorate.

A detailed breakdown was given of the Directorate's approach to risk management and the efforts to ensure transparency and the understanding of risk management by all staff.

In response to a query further information and assurance was provided on the risks rated red within the Directorate, which included risks, ACHPH-R2, ACHPH-R6,

Resolved: That the e progress and current position in relation to risk management activity in the Adult Social Care, Housing and Public Health Directorate, as detailed in the report now submitted, be noted.

11. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

12. URGENT BUSINESS

There was no urgent business.

13. DATE AND TIME OF NEXT MEETING

Resolved: That a further meeting be held on Thursday, 28th July, 2022, commencing at 2.00 p.m.