

AUDIT AND GOVERNANCE COMMITTEE

MINUTES of the meeting of the Audit and Governance Committee held on Friday 8 April 2022 commencing at 10.00 am at the .

PRESENT MEMBERSHIP:

Cllr Matt Babbage	Cllr Stephen Hirst
Cllr John Bloxsom	Cllr Alan Preest
David Clowes	Cllr Chloe Turner
Cllr Stephan Fifield (Vice-Chair)	Cllr Susan Williams
Cllr Colin Hay (Chairman)	Cllr Dr David Willingham

Substitutes:

Apologies: Cllr Alex Hegenbarth and Cllr Brian Tipper

Officers in attendance:

Steve Mawson (Executive Director of Corporate Resources), Rob Ayliffe (Monitoring Officer), Alistair Rush (Finance Director), Alex Walling (Grant Thornton), Piyush Fatania (Head of ARA), Darren Skinner (Head of Planning, Performance and Policy), Chris Harris (TIAA) and Andrea Griffiths.

18. DECLARATIONS OF INTEREST

No declarations of interest were made.

19. PUBLIC QUESTIONS

No public questions were received.

20. MEMBER QUESTIONS

No member questions were received.

21. MINUTES OF THE PREVIOUS MEETING

Resolved

That the minutes of the meeting held on the 21st January 2022 were approved as a correct record.

22. GRANT THORNTON AUDIT PLAN FOR GCC & PENSION FUND

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Alex Walling, Key Audit Partner, Grant Thornton presented the report in detail and advised Committee of the audit planning arrangements, significant risks and the governance arrangements.

Members were advised that Grant Thornton had determined planning materiality to be £15.2m for the Council, which equated to 1.5% of the previous year's expenditure. It was noted that triviality had been set to £764k and in terms of value for money no risks had been identified at this stage.

The Key Audit Partner explained that the proposed audit fees for 2021/22 were being discussed with PSAA and would be communicated to the Council management when confirmed.

In response to a question relating to the valuation of infrastructure assets, members were advised that Grant Thornton were waiting to see what the national issues were in line with the CIPFA code and would consider the asset life in relation value for money.

The Executive Director of Corporate Resources informed the committee that subject to the new advice from CIPFA on the valuation of infrastructure assets, GCC would ensure they there were compliant and would address the issues when required to do so. He advised the Committee that GCC accounts were signed off and were compliant.

The Executive Director of Corporate Resources confirmed that the Council was working with SAP now to try to reduce the number of users with enhanced access in so far as we could, but some of that work would be dependent on the implementation of the new cloud-based system.

With regard to vehicle replacement, a recent review had identified some vehicles in the fleet which, while due for cyclical replacement, were low mileage and therefore did not need to be replaced yet.

On the question about authorisation of journals, the Executive Director confirmed that, in the absence of an ICT solution, more work needed to be done to ensure checking and validation of journals and agreed to take this point away.

The Independent Person asked for more detail, in relation to GT Audit Team. The Key Audit Partner explained that the Audit Team was rotated every 5-7 years, in order to avoid complacency and this was in accordance with PSAA guidance. The Committee were advised that Sophie Morgan-Brewer, Audit Manager from Grant Thornton, would be returning from maternity leave and would be assisting with the audit process and would advise the committee in due course. The Committee were advised of the team members and their roles, Members welcomed the diverse characteristics of the Audit Team.

The Committee also questioned highways assets and the testing process involved, it was explained this was a complex area as it needed to take into account all the different elements, geology and weather conditions, etc.

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The Chair asked if GT would be able to deliver on the proposed timetable, as he was aware of national issues. The Key Audit Partner explained that she hoped that the deadlines could be achieved but GT were still trying to deliver on the backlog arising from the pandemic.

Resolved

That the report be noted.

23. GRANT THORNTON AUDIT PROGRESS REPORT

Alex Walling, Key Audit Partner, Grant Thornton presented the report, which detailed the progress Grant Thornton had made in delivering their responsibilities as the external auditors.

Members were referred to pages 64 to 66 of the report which detailed the audit deliverables for 2020/21 and 2021/22. It was noted that Auditor's Annual Report for 2021/21 would be circulated to members of the committee in due course

Resolved

That the report be noted.

24. RISK MANAGEMENT REVIEW REPORT

Chris Harris, TIAA presented the report in detail and the committee welcomed the report's findings.

The Monitoring Officer explained that he was grateful for the production of the report and advised the Committee that plans had already been developed and management were aware of the issues prior to the report. He explained the aim was to broaden the team's knowledge and have transferable skills in an effort to develop risk management.

The Head of Planning, Performance and Improvement and some of his team had undertaken Risk Management training. New directorate champions had been appointed and were responsible for risk management and relied on the directorate core team model. Leadership it provided at director level who were now aware more risk aware, in order to address the gaps and implement improvements.

Members were advised that the risk register was regularly reviewed at Corporate Leadership Team (CLT) and amended where necessary, as some risks were deescalated to directorate level and officers were now confident risk management was on the right track.

The Executive Director felt it was healthy for an organisation to identify its risk journey and he found the report very useful. He explained that risk was moved out of audit, to Planning, Performance and Improvement in order to allow for a better insight. Members were informed that the role of Audit & Governance Committee

were responsible for ensuring that risk was appropriately managed and Scrutiny Committees had responsibility for scrutinising the directorate risks and the executive. The aim was this would provide a better focus moving forward and the Annual Report on Risk Management would include the strategic risk register.

In response to a question, it was noted that officers looked at all levels of risk, as risk service plans were operational and increased as the process escalated.

Members referred to the recent Children's Ofsted Inspection outcome report and were concerned if the service declined again it could go back to being rated as inadequate, as there was a negative risk of not doing the work required. The Head of Planning, Performance and Improvement explained this was now part of the strategic risk register. He informed the Committee that a member briefing session on Risk Management would be scheduled in June.

The Committee wished to know if the appropriate steps were now in place to deal with the recommendations for change. Officers confirmed the council risk steps were in place and would come forward in due course. The Executive Director explained that the role of committee was slightly different and this would be explained in detail during the briefing session.

The Independent Person felt the report was an interesting and referred to paragraph 2.26 of the report and felt this was an area of concern. He wished to know what the timescales involved were. Officers explained that was an auditable risk and the scale was sliding for the Council. The aim was to improve and to work on better methods of practice. In order to do so, it was necessary to ensure the written risk register had an auditable written record and was scrutinised closely.

The Committee noted as part of the annual process the report would come to Committee in July and it was in the audit plan to be checked during quarter 3. Members requested a strong steer on what the committee's role was in relation to risk management. It was recognised it was necessary to the process in order to consider the risk. The Executive Director welcomed this point and agreed it would be incorporated into the member briefing session and it would be beneficial to offer the briefing session to scrutiny committee members to, in order to clarify the different roles.

The Monitoring Officer felt the Committee had displayed a good understanding already as defined by their questioning. It was noted there were patterns across the risk register and discussions were taking place to look at those areas in more detail.

During the discussion it was noted the report numbering was out of sync and needed to be revised. A Members referred to paragraph 4.5 of the report which suggested reviewing the committee's terms of reference and remarked that the committee was politically managed and he felt the Audit & Governance Committee should remain independent. Other members of the committee disagreed with this

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point and felt the Committee was independent and it was important to work for the benefit of the services.

The Chair informed the committee that it was necessary to be as independent as possible and the Committee should be prepared to do what was necessary for the benefit of the organisation without fear or favour. He felt the Committee had an important role to play as a critical friend.

The Chair felt the report was a valuable piece of work and should be shared with Cabinet Members. He felt that in terms of the corporate plan the journey needed to be clear in order to assess performance rated against the plan and it was for Corporate Overview Scrutiny Committee to monitor the plan in order to ensure the risks were mitigated and question where necessary. The Chair summarised that the general consensus was it was necessary to have a wider debate and the training should focus on what elements of risk management the committee should be focusing on.

The TIAA Auditor felt the discussion had been positive and he acknowledged that officers were keen to take on risk. He recognised it was necessary to look at achieving the objectives and not just the pluses and minuses of risk.

The Executive Director agreed discuss the issues with the executive and would monitor the targets and he welcomed the committee discussion.

Resolved

That the report be noted and member briefing session would be arranged in due course.

25. DRAFT INTERNAL AUDIT PLAN 2022/23

Piyush Fatania, Head of Audit Risk Assurance (ARA) presented the report which informed members on the progress of the internal audit activity in relation to the draft 2022/23 Risk Based Internal Audit Plan as required by the Accounts and Audit regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) 2017.

The Head of ARA wished to congratulate the team on their efforts and their resourceful methods of working in order to undertake the scheduled audits. He added that an analytical view had been undertaken and this had helped to inform the draft internal audit plan.

During the discussion, a request was made to undertake an exempt briefing session on Information Technology (IT) and major incidents. It was explained that in terms of contract management, IT was back in house and the contract would be monitored in order to avoid any issues. It was noted the suggestion of a briefing would be referred to lead members for further consideration.

Members were advised that in terms of the bus service improvement plan the Authority had unfortunately missed a funding opportunity, the committee suggested

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that perhaps bidding schemes could be considered at a future meeting. Some members felt the lack of funding would further add to deterioration of bus services.

The Executive Director explained that other authorities had issues and it was a problem with the national bidding process, which caused great frustration. The Monitoring Officer advised that contract management was part of the procurement transformation programme and was part of a wider piece of work and perhaps Internal Audit could do a piece of work on compliance. Members agreed the bidding process was frustrating and appreciated officer's concerns.

In response to a question, the Head of ARA explained that home to school transport safeguarding was included on the plan.

The Committee discussed the homes for the Ukrainians scheme, officers explained that GCC had limited involvement initially and were involved further on down the line. Members wished to know if DBS checks were undertaken to ensure the safety and welfare of individuals. The Executive Director explained it was currently a fast moving process and was being monitored by Public Health.

Resolved

That the Committee agreed the 2022/23 Internal Audit Plan.

26. INTERNAL AUDIT ACTIVITY PROGRESS REPORT

Piyush Fatania, Head of Audit Risk Assurance (ARA) presented the report which informed members of the progress of Internal Audit activity in relation to the agreed 2021/22 Internal Audit for activities delivered up to February 2022.

Members were advised of the assurance opinions provided in relation to the effectiveness of the Council's control environment as a result of the Internal Audit activity completed to date. It was noted that the report was Red, Amber and Green (RAG) rated in an effort to provide clarity.

During the discussion, it was requested that in the future and in terms of counter fraud the values where applicable be included.

Resolved

That the Committee noted the report.

CHAIRPERSON

Meeting concluded at 12.10 pm

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