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AUDIT AND RISK MANAGEMENT COMMITTEE - 5.3.2020

MINUTES OF THE MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE HELD ON THURSDAY, 5 MARCH 2020

COUNCILLORS

PRESENT Mahym Bedekova, Tim Leaver, Dinah Barry, Birsen Demirel, Charith Gunawardena, Claire Stewart, Yasemin Brett, Peter Nwosu, Edward Smith and Joanne Laban (Substitute).

ABSENT James Hockney and Lee David-Sanders

CO-OPTED

OFFICERS: Fay Hammond (Acting Executive Director Resources), Matt Bowmer (Interim Director of Finance), Joanne Drew (Director of Housing and Regeneration), Gareth Robinson (Head of Corporate Finance), Gemma Young (Head of Internal Audit and Risk Management) and Doug Wilson (Head of Strategy, Performance and Policy) and Metin Halil (Secretary)

Also Attending: David Eagles (BDO), Lucy Trevett (BDO) and Roopal Bakarania (BDO)

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WELCOME AND APOLOGIES FOR ABSENCE

Councillor Bedekova (Chair) welcomed everyone to the meeting.

Apologies for absence were received from Councillors David-Sanders and Hockney.

Councillors Laban and Smith attended the meeting as substitutes.

Apologies for lateness were received from Councillor Demirel, Leaver and Smith.

542

DECLARATION OF INTERESTS

There were no declarations of Interest.

543

MINUTES

AGREED that the minutes of the Audit & Risk Management Committee meeting dated 16 January 2020 be approved and signed as a correct record.

544

ORDER OF THE AGENDA

AGREED that the order of the agenda be varied.

The minutes follow the order of the meeting.

545

STATEMENT OF ACCOUNTS - CLOSEDOWN UPDATE - 10 MINUTES

RECEIVED a report on the Action Plan for the Statement of Accounts from Fay Hammond (Acting Executive Director of Resources).

NOTED

1. To provide the committee an update on some events that had happened earlier in the week. Both items 4 and 5 would be heard together starting with item 5.
2. Finance were on track to meet the 31 May 2020 deadline, however, events this week may have put that at risk and presently Finance are investigating what their options are and are also talking to BDO about what that might look like.
3. As reported, the finance team had employed 2 interims to work on the Asset Register and the Statement of Accounts, respectively. Both interims had now left the council, one at Christmas 2019 and the other left this week after giving notice. Both were working on the asset register, valuations and production of the statement of accounts under the guidance of the Head of Corporate Finance. Finance will now need to identify other interims' in a difficult market.
4. The other event that happened, which compounds this issue, concerns the asset register and valuations, a key part of the process. Of the 4 required valuations, only 2 had arrived on-time and 2 had not.
5. What should have happened is that by 19 February 2020, finance should have had all 4 valuations for officers to check and review so that BDO could audit them as part of the interim audit. Significant pressure had been applied to the contractors, providing the valuations, for the 19 February 2020 deadline by finance officers and other officers in the council who have other contracting arrangements with them.
6. The finance team were intending to still hit some of the interim audit deadlines, by doubling up with the remaining interim and the Head of Corporate Finance. However, with the final interim leaving, finance did not have that position.
7. Finance will be looking for another interim as soon as possible, to get the correct person. However, this has had an impact on officers' timetable including BDO's planning in terms of inability now to do some testing on the interim audit.
8. Finance's plan is to work over the next week on what the options are, looking at the timetable and how that can be done. Explore what is in the market as regards interim's and then through Councillor Maguire

(Cabinet Member for Finance & Procurement). Fay Hammond would then update the Committee on progress of that by next week. At the time of producing this report, these issues had not happened.

ACTION – Fay Hammond (Acting Executive Director Resources)

AGREED to note the Statement of Accounts update and planned further improvements.

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BDO - EXTERNAL AUDIT PROGRESS REPORT - 10 MINUTES

RECEIVED from BDO (external auditors) a verbal update of the Audit Progress Report for year ending 31 March 2020.

1. David Eagles (BDO) provided a verbal update on the audit progress report.
2. From the perspective of the audit issues, spoken about in item 5, BDO's interim audit, remembering significant issues last year with the asset register, issues with valuations and information coming from those, was planned based on focussing on exactly those things. The position at present was that BDO do not have a draft set of accounts with the valuations in and do not have the asset register to drive those. Therefore, BDO cannot audit those at present.
3. BDO are unable to audit 3 of the critical things as part of their interim audit to enable them to meet the 31 July 2020 audit deadline.
4. BDO's focus now is on working with officers in terms of what the best plan will be, from an audit perspective and how they can best support their efforts to produce a draft set of accounts.
What BDO would need to do, as a partnership, to get that done in the most efficient, effective and high-quality way that doesn't drag out the audit process.
5. The following questions, statement and queries raised in response to the report:
 - a. Officers clarified the reasons why both the finance interim resources had left the organisation.
 - b. As all Local Authorities were in the same position as regards employing a Chief Accountant, it would not be possible to share the role with other authorities. Finance would be looking to employ a Chief Accountant in a permanent role and not be reliant on interims. There is a need to employ the right people with the right skill sets, on a permanent basis first time, rather than rush someone in on an interim basis.
 - c. The committee sought clarity regarding the time-line to employ interims so as to ensure the sign off of the accounts is back on track, how last years staff leave/sickness issues, regarding the sign off of accounts, can be synchronised better so deadlines can be hit and if the council can claw back monies, from a contractual perspective, as regards the current valuers who failed to provide information in time. Officers clarified that they

will be in a position this year to go back out to market for all 4 valuers as their current contracts are up.

Officers had made significant improvements, as opposed to previous years, with valuations. This has increased from 4 properties to 440 properties and was a big step up from previous years. The quality of valuations data, when done, will be a significant improvement from previous years.

There have been discussions at national level since early 2020 to try and get a way out of the national position of unable to publish the statement of accounts by the end of July 2020. More than 40% of council's had missed the 31 July deadline last year for various reasons. One of the proposed solutions to that, to enable everyone to catch up, was to relax the account preparations deadline from the 31 May to the 30 June and the accounts publication deadline from 31 July to 30 September.

This would allow auditors to re-profile that work to better fit the resources that are available and to enable councils to have more time to prepare better quality accounts which had more robust supporting papers behind them so there wouldn't be a need to be as much overrun in terms of audits.

- d. In terms of the critical resource issues as well as the asset register and valuations, how will these risks be mitigated so the council does not end up in the same situation again. BDO clarified that in terms of mitigating risks, the council are doing the right things and BDO can see that that is happening. Valuers have been made aware of the timetable they need to adhere to. The agreed timescales have not been adhered to by the valuers. In terms of resources, interims were bought in, but they left and the council are trying to recruit permanent staff with the correct skills.

There are 4 valuation companies providing valuations. Two of them have provided the simpler type of valuations, on time but the remaining two companies who provide the more complicated areas of valuations had not delivered.

Historical issues with the valuations are that they have come in late and then passed onto BDO without due diligence and challenge form both property and finance teams. We have therefore adjusted the timetable to include a week with property colleagues to challenge the data and then passed to finance for challenge.

- e. The committee were not content with accepting the deferment of the deadline for the sign off the statement of accounts for 31 July 20, as external advisers are not delivering, as we were now at the beginning of March. The issues raised for this were not unusual for experts to deliver, which was a problem last year. The committee recognises that interims were used, and that the organisation is fragile at present.

The committee wanted to see officers identifying what the issues are, actions that can be taken and seeking support of this committee to undertake that. As a responsible council, we can't

be seen to be missing the statement of accounts sign off deadline.

The committee requested that a plan be put in place to provide assurance to members, that resources can be put in place so that the 31 July deadline can be met.

Fay Hammond (Acting Executive Director Resources) clarified that by next week they will be looking at what the options are but could only get available resources, which is one of the limiting factors. Finance are highlighting to the committee that there is a risk. They had spoken to BDO about how the impact of resourcing for both the council and BDO is significant. Officers would continue to talk with BDO in terms of coming up with a plan. In terms of staffing, Fay Hammond highlighted a key person risk if an interim is not found, which is the Head of Corporate Finance (Gareth Robinson) and the skills he possesses. They would also be exploring perhaps looking at other accounting firms rather than relying on interims. With optimism, finance would meet the 31 May 20 interim audit deadline but that they need to have joint working with BDO and not in isolation.

BDO clarified that the achievement of signing the accounts by 31 July depends on them having to complete a certain amount of work in the interim stage of the audit. That had not been done and cannot be done in the interim stage because the asset register is not available, and they don't have a draft set of accounts available. These were the critical things BDO had not been and could not do in the interim and could not catch up from that far back. There was only 1 week left of the interim audit and the sign off, of the accounts would not happen by 31 July 20.

- f. The committee requested that an action plan be produced to inform members how BDO could potentially change this around to make it a better position than they are in now and if that can be done. Fay Hammond clarified that she would commit to providing a plan next week with options as to how best the council will deal with this situation.

The committee asked for clarity as regards the consideration of additional resources. To pinpoint where the problems lie and where any additional resources should be applied i.e. finance department, requirement of temporary staff and would additional resources provided by BDO improve the situation. These should be included in any action plan. Officers clarified that the main pressure is within the finance team.

- g. Councillor Gunawardena asked when the finance team knew there would be a delay in the interim phase audit, if it was escalated, if it is a resourcing issue that needs to be discussed/addressed, if the issue had been escalated politically and if the team are now receiving the support they need. Matt Bowmer (Director of Finance) clarified that a third of the issues were around valuations. The team had attempted to mitigate this risk since last summer. The team had several workshops with all

the valuers and BDO to agree an approach to start this process earlier. The team had regular contact with all the valuation teams and their engagement and management of them had been greater and significant than in previous years to ensure that the valuations were had on time.

- h. The committee felt that the outsourcing to a professional firm, should be explored. A specific statement of work could then be outsourced without a risk to the council as the firm would manage the work. The Finance team's plan would to answer what is possible and when as regards the deadline for signing off the accounts. The committee should be provided with confidence in terms of stating why the 31 July is not possible and why, if resources are installed, a specified date would be possible. BDO clarified that they are already discussing with officers as a live process, what can be done from this point onwards.
- i. The committee asked if the council would be allowed to recruit key finance staff from Europe by advertising outside of the UK. Fay Hammond clarified that when the team advertises the permanent roles, they would also use the Professional CIPFA magazine which is an international publication. To also build resilience into the finance team, a deputy chief accountant would also be sought to be built into the current structure. Due to a shortage of these specialist roles, the team would also look to train existing team members alongside several CIPFA graduate apprentices already within the team.
- j. Councillor Leaver asked if the finance team agreed with BDO that the 31 July 2020 cannot be met, as it had not been made clear. It was put to Finance that if BDO are provided with a draft set of accounts by 31 May 2020, would they agree with BDO that the 31 July 2020 sign off deadline will not be met. Fay Hammond agreed with BDO that because BDO haven't been provided with the information they require to complete the interim audit; the 31 July 2020 would not be met. Fay Hammond, BDO and the Chief Executive had discussed this issue around deadlines and resourcing, and it was made clear by BDO that their resourcing is really limited, so was an established given about a month ago.
BDO clarified that if planning windows of resourcing are missed then the sign off would be towards the end of December. However, with planning and re-phasing a much earlier sign off can be achieved by the end of September, 3 months earlier than last year's sign off. This would be subject to receiving all the information from Finance.
- k. Councillor Laban commented that, as a member, she had been promised that the accounts would be completed on time this year. The finance team should have come to the committee sooner to say what they would be doing to turn this situation around. Fay Hammond clarified that this was new information, she had had early conversations with BDO and that over the

next week she would come back to the committee with options and an action plan working with and talking to Councillor Maguire (Cabinet Member for Finance & Procurement). The team wanted to talk with the committee in a transparent manner and to explain to members the position finance was in in terms of the statement of accounts. They were not in a position today to report about a plan.

Members could e-mail Fay Hammond with any questions/queries they may have.

ACTION: Fay Hammond to circulate an update and action plan regarding the statement of accounts sign off.

Post meeting note: Fay Hammond circulated an e-mail on the 13 March 2020 to members of the Audit & Risk Committee providing an update on the Statement of Accounts progress, having already briefed Cllr Maguire

AGREED to note the LBE Audit Progress Report for year ending 31 March 2020.

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CONTRACT PROCEDURE RULES - WAIVERS REPORT AND UPDATE ON PROCUREMENT SPEND - 10 MINUTES

RECEIVED from the Acting Executive Director of Resources a report highlighting the Contract Waiver Monitoring and Procurement spend – April 208 to March 2019.

NOTED

1. The report was presented by Matt Bowmer (Director of Finance).
2. This was the Contract Procedure Rules report for 2018/19 and was a belated report on an elapsed time period. There would be a reviewed report in the new financial year for the 2019/20, committee cycle.
3. The number of waivers in exception, for the council, have been reducing over the past number of years and there were just 3 waivers to report, as detailed at Appendix 2 (To Follow Pack) on pages 7 – 9 of the report.
4. The following questions, statements and queries raised in response to the report:
 - a. Councillor Smith referred to the detail of one of the waivers regarding the SAP system whereby finance is concerned about the provision of this system by one supplier and to only procure the contract for one year at a time. Were there plans to replace the SAP system with something else? Fay Hammond clarified that this was being reviewed as part of the ICT programme and is within the capital programme to replace at some point. Councillor Laban stated that this is a big improvement regarding waivers. When items are procured it should be done on time so

that the urgency rules are not used many times to get procurement items through.

AGREED to note and consider the contract waivers awarded in the reporting period, the reduction in the number of waivers over the past 12 months and to note the procurement, spend in 2018/19 financial period.

AGREED that the Annual Audit Letter 2018/19 be noted.

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CYBER AND TECHNOLOGY SECURITY - 10 MINUTES

NOTED

AGREED that this report be heard at the next scheduled meeting of the Audit & Risk Management Committee due to officer sickness.

If there are any questions regarding this report, these should be sent to Metin Halil (Committee Administrator) by e-mail.

549

HOUSING DEVELOPMENT APPROACH TO IDENTIFYING RISK AND MANAGEMENT - 10 MINUTES

Received a report from the Director of Housing and Regeneration presenting the Housing Development approach to identifying risk and management.

NOTED

1. The report was requested at the last committee meeting and sets out the approach to governance and managing risks in the Council's Housing Development Programme and was presented by Joanne Drew (Director of Housing and Regeneration).
2. As the report states, development in all organisations comes with risks and challenges and every scheme has complexity and challenges. The framework Housing have designed aims to provide a good deal of oversight and scrutiny on a regular basis, so that any issues have remedial measures put in place.
3. The aim is to be very proactive to ensure that the development programme is delivered. However, development is very challenging, and teams are operating in a competitive market place.
4. The following questions, statements and queries raised in response to the report:

- a. The committee sought clarity regarding the exact number of homes that will be developed over the next 10 years. Joanne Drew clarified that the accurate scale of the programme is 3500 homes over the next 10 years. The average rate is about 350 homes per annum, if phasing the programme equally. The new target is approximately 700 units per annum and with the new London Plan there is a further 1000 units on top of that. The department were making some progress to that but part of their role, as the strategic housing authority is to enable others to deliver homes. The department would meet the target of 3500 homes over 10 years if the current rate continues. The department are working to increase the grant level, as it is a constraint for the council and other authorities, to double monies for the affordable housing programme for both Housing associations and councils. The borough has land, sites and opportunities, that can be bought together to deliver the 3500 homes over the next 10 years.
- b. The Committee asked for more clarity on the housing needs. The report talked about key workers, vulnerable people but no numbers had been provided. There was a big disconnect between income levels and housing number's, but the issue of need is never addressed. What is the councils housing needs assessment, in draft stage, provides a long-range forecast about the demand and need for housing across all demographic groups. This development strategy focusses on delivering more family homes in terms of council housing needs, wheelchair accessibility to meet peoples needs and part of a wider regeneration programme is to meet the needs of key workers as well. More housing of all types/tenures is needed and will meet a high priority need due to the housing crisis. The department had stretched the capacity it has to create an ambitious programme to recognise the need in the borough and were doing all it could as a council housing provider. The department were lobbying government and the GLA to provide additional funding for additional development schemes and wider estate renewal schemes.
- c. Councillor Laban's question about how the Council are planning to get the enough funding from Government to pay for something over 10 years if the funding is not in place. Joanne Drew clarified that every business plan for housing associations or HRA must make assumptions over the 30-year period. Cabinet have received a financial framework setting out the rationale for these assumptions based on your best interpretation of the likely situation going forward.
- d. Councillor Laban's further question that previous developments had not gone well and how this programme was different from those before. Joanne Drew clarified that they had done a thorough learning lesson review which has been presented to

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OSC with a number of lessons, which has formed a basis of their new development strategy and this framework. There is a long-term development strategy with more scrutiny and oversight.

- e. Councillor Smith's comments that these programmes are ambitious, including this one and would be a vast challenge to deliver and was easy to underestimate without previous experience. The report did not address staffing implications and getting an effective structure and strongly urged the committee for a further report in 6 months' time.

ACTION: Joanne Drew (Director of Housing & Regeneration).

- f. Councillor Leaver questioned if there was a structure in place to identify the risks to the programme as proposals had been heard about the development. It looked like there wasn't one before but now the risk register seems to be comprehensive and fit for purpose. Joanne Drew confirmed that it was a fit for purpose document that the department have to translate into day to day delivery and to embed that into the culture and practise, which is a challenge.

The committee requested that the update report should include any supplements to the risk register, an update on the schemes agenda and progress of the scheme.

- g. The Red Lion Homes was not part of the programme and was no longer operating.

AGREED to note the a) governance and controls in place to identify and manage risk in the housing supply area and b) endorse the risk register provided within this report and the approach at project and programme level.

550

COMMISSIONING (BROKERAGE) FOLLOW UP AUDIT REPORT 2019/20 - 10 MINUTES

Received a follow up report on the Commissioning (Brokerage) Audit Report 2019/20.

NOTED

1. The update was presented by Doug Wilson (Head of Strategy & Service Development).
2. The report was a review of the Brokerage Service.
3. The service is located within Adult Social Care (ASC). The function of the service is to support vulnerable people and to purchase the right kind of support, whether that's care in the community or care in residential or nursing settings.
4. The audit was originally requested as part of the 2018/19 programme for assurance that there was transparency on how brokers procured

services for people. The initial audit report provided a reasonable assurance.

5. Some things identified from the first report heard at the October 2019 committee meeting were around the transparency of the process, how that process worked and how clear staff were regarding work instructions. The section had done a considerable amount of work to ensure the policy and procedures were clear for staff and an evidence base for decisions staff were making.

It was felt appropriate, as the service had just transferred from where it was previously to ASC, that (December 2019) a further review be done and he was here to update the committee about that review.

6. The Brokerage Service had always been a good service and since the transfer it has continued to be a good service. Things had been introduced and done which has added benefit and value to the service. The review has been done and all the actions and considerations, previously identified, have been implemented ad staff are clear about the policy. The policy wasn't clear enough about purchasing and evidencing that. That you don't need to apply all the criteria when you choose a provider. Clarity was needed about which criteria is chosen and the reasons for that. Often the decision is based on the ability of a provider to deliver the service.

The review found that staff were very clear about the criteria and were working to the policy. So, there was transparency and staff were evidencing their decisions appropriately. There is assurance that the service is transparent and evidence to support decisions made.

7. Some improvements have been around resilience in the team. Where previously, the service had people working in specific areas i.e. hospitals, community learning disabilities, mental health, etc, the view of the Head of Service was that the focus should be able to cover all those areas in the event that staff leave or are absent/sick.
8. The other area identified was where is difficult to obtain provision and those areas are the north west and east of the borough. The service has taken a more strategic approach to addressing those kind of issues by having a better overview of what the service is providing across the whole borough, where the hot spots are and where accessibility issues are. The service meets regularly to go through these issues and what can be done about them.
9. The other area's the service focussed on was the Domiciliary Care Market which is large and significant and more training and development for brokers in terms of what it costs to run services as it enables staff to have conversations in a more informed way.
10. The following questions, statements and queries raised in response to the report:
 - a. Doug Wilson provided clarity regarding Councillor Barry's query regarding point 2 (page 36) of the report about Policy Documentation and the reference on page 42 under 'Observations' to further updates to ensure clarification.

AGREED to note the contents of the Commissioning (Brokerage) December 2019 review.

551

**ANTI - MONEY LAUNDERING POLICY & GUIDANCE (ANNUAL REVIEW)
- 10 MINUTES**

RECEIVED a report from the Director of Law & Governance presenting the Anti-Money Laundering Policy and Guidance (Annual Review).

NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management).
2. This was the Head of Internal Audit & Risk Management' annual update to the Anti-Money Laundering Policy. As advised by CIPFA, it is best practise that the Council plans its own Anti-Money Laundering Policy.
3. There is very limited amount of ways that the Council can be used to launder significant amounts of money. The anti-fraud team has a financial investigator who has made only one suspicious activity report (SAR) under the money laundering regulations and this is something management are aware of. Process improvements have been made i.e. a money laundering form had been introduced, a number of years ago, so the team could see where the capital was coming from to purchase Right to Buy properties.
4. The report was just an update with no changes in legislation. Only updates to job titles and for endorsement by the committee.
5. The following questions, statements and queries raised in response to the report:
 - a. In reply to the committee regarding the number of suspicious activity reports per year, Gemma Young clarified that would be between nil and one and would be reported.

AGREED that the Anti-Money Laundering policy and guidance, following this annual review, be endorsed.

552

WHISTLE BLOWING POLICY (ANNUAL REVIEW) - 10 MINUTES

RECEIVED a report from the Director of Law & Governance presenting the Whistleblowing Policy (Annual Review).

NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management).
2. This report was an annual update for the Whistleblowing Policy (WB) and there were no changes from last year, only updates of job titles and nothing major in the policy.

3. The policy sits within Gemma Young's team but not all whistle-blowers are of fraudulent behaviour. There may be environmental health or health and safety concerns. Requests would be triaged and sent out to other areas if necessary.
4. In the past year, there had been 4 whistle-blowers, under the policy. All of which have been investigated by the team.
5. The following questions, statements and queries raised in response to the report:
 - a. The WB policy applied to members as well and Gemma Young would ensure that this item would be included in the induction, new members receive.
 - b. The committee enquired about how widely the policy was understood by staff and if they are concerned, do they know that they could come forward. Gemma Young clarified that when the policy is promoted, the team tended to receive issues that were not whistleblowing cases i.e. grievances which can be dealt with under the disciplinary policy. It was widely understood in the council that people could approach Gemma Young's team if they thought that something was wrong.
 - c. The Committee requested that the policy should be communicated to staff so that it is more widely known and that it is available. Even if it is not used correctly to report cases.
 - d. Gemma Young clarified that she would discuss this with the Assurance Board and report back to the committee, at the next meeting, with an update.

ACTION: Gemma Young (Head of Internal Audit & Risk Management).

AGREED to endorse the Whistleblowing Policy and associated guidance.

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CORPORATE RISK REGISTER - 10 MINUTES

RECEIVED a report from the Director of Law and Governance presenting the Corporate Risk Register.

NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management.).
2. This was the Corporate Risk Register which is presented at every Committee meeting. It is only for noting and to see if there have been any changes made since the last meeting.
3. There have been 2 additional risks added relating to:
 - CR17 – relating to Tax
 - CR09A – Corona Virus

Updates had also been made to existing risks highlighted in Column A on the right-hand side of the register.

4. The following questions, statements and queries raised in response to the new added risks or updates on the existing risks:

- a. Councillor Smith queried why CR09A (Corona Virus) states that the UK were one of the first to develop a Corona Virus test when this was still being tested and there was no vaccine available yet. Gemma Young clarified that this was a fast-moving situation to meet the report deadline. Sometimes the information would look out of date with a risk like this. Two weeks ago, it was optimistic that a vaccine would be developed. However, this risk would be revised before the next meeting. The Committee asked if the update for Corona Virus could be expanded to make it clearer.

ACTION: Gemma Young (Head of Internal Audit & Risk Management).

- b. The committee asked for clarification regarding CR17. Gemma Young clarified that the Council benefitted from being able to reclaim VAT that is expended to council services. In order to that the council needs to stay under this threshold. The council needs to ensure that all its commercial properties that are let, is opted to tax i.e. all the rents are being applied VAT to, so the full level of VAT is claimed and needs to be monitored to remain under the threshold.
- c. The Corona Virus risk needs to be covered and is closely related to business continuity and emergency planning risks.
- d. Councillor Gunawardena queried the 3 high risks in the risk register and if they will all remain high or move to medium. As they were high previously despite mitigating measures undertaken. Gemma Young clarified that some risks would always be high despite mitigating measures of risk-holders assessment i.e. CR01 – Budget Management, much of this is not within the council's control and remains high despite mitigating measures.
- e. Councillor Brett asked if there was a system in place whereby first aiders amongst management staff could be designated to attend full council meetings as there had been an incident where a member had fallen ill at the last meeting. A list of first aiders would be useful to have to show availability spread across meetings i.e. day and night. Including the location of critical equipment i.e. defibrillators. Gemma Young would take up this issue with Facilities Management and Assurance Board and report back at the next meeting.

ACTION: Gemma Young (Head of Internal Audit & Risk Management)

AGREED to note the risks recorded in the Corporate Risk Register and to approve the addition of risks CR9A & CR17.

AGREED to

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DRAFT INTERNAL AUDIT PLAN 20/21 & INTERNAL AUDIT CHARTER - 10 MINUTES

RECEIVED a report from the Director of Law and Governance, presenting the 2020/21 Draft Internal Audit Plan and Internal Audit Charter.

NOTED

1. Gemma Young (Head of Internal Audit & Risk Management) presented the report.
2. The report sets out the audit plan for the year. A risk based plan is required under the PSIA standards and the approach to the plan is to look at the assurance operational objectives, the reliability and integrity of financial and operational audit information, the effectiveness and efficiency of operational programmes, safeguarding assets and compliance with all laws, policies, regulations, procedures and contracts.
3. As detailed at page 109 (point 2) of the report, details the draft Internal Audit Plan for 2020/21.
4. The section looks at the auditable areas and the team then assigns a number of audit days and proposed scope, linking that back to the objectives of the Local Authority as well as a corporate risk register. This gives the team the audit plan for the year taking on board the views of Directors, the Assurance Board and Members.
5. The following questions, statements and queries raised in response to the report:
 - a. The committee agreed that this was a very comprehensive list of audit objectives and questioned if it was too large for the year? The Treasury Management auditable area, detailed on page 112 of the plan, was this concerning debt level controls and funding? Was the Digitalisation auditable area about software ad systems that the council operates? Gemma Young clarified that the plan is too large but that the team always overfills the plan because some drop out throughout the year. This may be due to key staff that are not available, restructures and policy or law changes that may be happening. Under the Audit and Accounts Regulations, the section has to have a well-resourced/adequate audit function and the plan did have an adequate amount of auditable areas. In terms of Treasury Management, debt levels would not be looked at as this was generally a political decision. They would be looking at the Council's investments in line with policy. In terms of Digitalisation, the team would be looking at the health of systems.

- b. Gemma Young clarified the audit days for the committee.
- c. Gemma Young's team included 3 audit executives, an audit manager and a senior risk officer.
- d. Gemma Young clarified that all risk assessments are taken into account of when the last time each area had been audited. There is an assurance map that sits behind the plan that looks at the past and what to do in the future.
- e. Due to the PSIAS, the section has to include the Internal Audit Charter with the draft internal audit plan, as detailed at page 118 of the report.

AGREED to note the 2020/21 Draft Internal Audit Plan and Internal Audit Charter.

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AUDIT AND RISK MANAGEMENT SERVICE PROGRESS REPORT - 10 MINUTES

RECEIVED a report from the Director of Law and Governance, presenting the Audit & Risk Management Service Progress Report.

NOTED

- 1. The report was introduced by Gemma Young (Head of Internal Audit & Risk Management). This was the regular update on how the Service is progressing with the Audit Plan to 31 January 2020.
- 2. In terms of the 2019/20 Audit Plan, 98% of reviews have commenced with 38% completed which is like the same point last year.
- 3. Since the Audit Plan was agreed, 14 audits had been cancelled with a further 5 audits added to the plan.
- 4. 22 audits had been completed since the start of the year with 1 no assurance audit, 5 limited assurance and 9 reasonable assurance reports to date this year.
- 5. In terms of cancelled audits, these are detailed at Table 1, page 125 of the report.
- 6. In terms of additions to the plan, these are detailed at Table 2, page 126 of the report.
- 7. In terms of Limited assurances, since the last report, the Accounts Receivable has limited assurance with 5 medium risks and 1 low risk findings, as detailed at page 127 of the report (point 3.9).
- 8. The following questions, statements and queries in relation to the report:
 - a. There had only been 2 limited assurance audits since the previous report.
 - b. The Oakthorpe DfE schools direct grant, relating to teacher training, audit, (Table 1, page 125 of the report) had been cancelled due to non-response. The committee felt that this was an easy way to avoid the audit. Gemma Young clarified that she would check this audit which would be at the top of the next

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audit plan for next year. Gemma Young would report back to the committee, at the next meeting, with more information regarding this audit.

ACTION: Gemma Young (Head of Internal Audit & Risk Management)

- c. The committee were surprised that the NRPF activity, detailed on page 133 of the report, was referred to as the Housing & Immigration Service. Gemma Young clarified that it has been named as that very recently but is not an immigration service in the same way as the Home Office is. It is more a check that the person has a valid claim for housing. Gemma Young would check the name of the team and report back to the next meeting.
- d. Councillor Brett was concerned that there was no record of financial assessments changes and wanted to know if there could be some work done on mitigating this risk by working with some organisations like CAB and others on how this can be flagged up especially for people on Universal Credit who get into debt. Fay Hammond (Acting Executive Director Resources) clarified as part of the MTFP in February 2020, CAB and the council agreed to set up a debt team to help about 1000 residents this year. In addition, Housing are looking at data to identify who is at risk of getting into debt in advance and identify homelessness problems before they arrive. As a Local Authority, debt prevention and benefit maximisation is something that the council are investing in the coming year.

AGREED to note the performance of the Audit & Risk Management Service to date and to provide feedback on the contents of this report.

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AUDIT & RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2020/21

RECEIVED an outline work programme for the Committee covering the 2019/20 Municipal Year Committee.

NOTED

1. This is the last Committee meeting in this Municipal Year, a new work Programme is being prepared for the 2020/21 Municipal Year.

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DATES OF FUTURE MEETINGS

NOTED

- (a) that this is the last ordinary meeting of the Audit & Risk Management Committee scheduled for the 2019/20 Municipal Year;

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- (b) that a new programme of dates for the 2020/21 municipal year are currently being prepared for inclusion and approval as part of the Council's 2020/21 calendar of meetings, which is due to be considered and approved at the Annual Council meeting on 13 May 2020.

The provisional dates being included on the calendar for consultation purposes will be provided for members as soon as they have been finalised.