

## **AUDIT COMMITTEE**

### **Minutes of a meeting of the Audit Committee held on Thursday, 28 January 2021 at 6.30 pm in Remote Meeting**

**Present:** Councillors N A M England (Chair), V J Holt, J E Lavery,  
A Lawrence, K S Sahota, C F Smith (Vice-Chair) and W L Tomlinson

**In Attendance:**

**Apologies:** Councillors

#### **AU61      Declarations of Interest**

None.

#### **AU62      Minutes of the Previous Meeting**

**RESOLVED** – that the minutes of the meeting held on 1 October 2020 be confirmed and signed by the Chair.

#### **AU63      2020/21 Treasury Update Report and 2021/22 Treasury Management Strategy**

The Finance Manager gave an update on treasury management for the current year and the Treasury Management Strategy for 2021/22. Arlingclose, the Council's independent advisors had held a seminar for committee members prior to the start of the meeting which covered the key considerations. The strategy had allowed the Council to take advantage of low interest rates on borrowing and there had been gains of £20m over the last five years. With regard to longer term borrowing the PWLB reduced their rates by 100 basis points in November 2020, which was beneficial to the Council. The interest rates included in the Council's 2020/21 budget and proposed 2021/22 budget were greater than all of the current PWLB rates so the Council had a very robust treasury strategy in place. The report also set out Prudential Indicators associated with Treasury Management and the Council's minimum revenue provision which was required through regulation and was in line with previous years. If any changes were made to the Treasury Management Strategy prior to going to Cabinet or Full Council it would be circulated to Committee Members for information.

The Group Accountant gave a brief overview of the portfolio position as at the 31 December 2020. The report also provided the economic background including interest rates and the Government's quantitative easing programme and gave an indicative base rate for the interest rate going forward. Temporary borrowing had been undertaken on a local authority to local authority basis with no PWLB borrowing taken out during 2020/21 and any investments were generated through cash flow activity. The Treasury Management Strategy going forward for the year ahead was a continuation

from 2020/21 and followed regulatory requirements. There was little change in the borrowing strategy with short term borrowing currently being undertaken when required. Reviews enabling the Council to lock into longer term borrowing when the conditions were right whilst maintaining security and retaining access to liquid funds were ongoing. Under the Markets Financial Instruments Directive (MIFID) the Council would remain a professional client as they had done since it was introduced and were compliant with the regulatory position in setting a balanced budget. The 2021/22 MRP Statement was set out and was in line with previous years. Monitoring, reporting and training were continuing as set out in the Codes. Arlingclose would continue as the Council's Treasury Management advisors for a further twelve months and Prudential Indicators for 2020/21-2024/25 were set out in the report.

During the debate some Members asked what were the views on inflation rates going forward and if they would creep up higher than expected and what was the impact on interest rates.

The Group Accountant explained that Arlingclose had predicted that the interest rate would remain at 0.1% until the first quarter of 2024.

Upon being put to the vote it was:-

**RESOLVED – that**

- a) the treasury management activities for the first half year be noted;**
- b) the Treasury Management Policy Statement be noted and;**
- c) the Treasury Strategy, including the Annual Investment Strategy for 2021/22 together with the associated Treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2020/21 be recommended for approval at Cabinet and Full Council.**

**AU64      Annual Audit Letter**

R Percival, Grant Thornton, presented the annual audit letter. This would be his last report to the Committee due to his retirement with G Patterson taking over the role going forward. This had been a challenging year but he appreciated the support he had been given by the Finance Team throughout the audit. Members attention was drawn to the executive summary which gave an overview of the key audit findings and the resulting unqualified opinion which had been issued on 11 November 2020 and included a paragraph with regard to emphasis of matter due to the uncertainty of the pandemic and the value of land, buildings and investments. This was not a qualification or modification and the completion of the audit had taken place and a certification of completion issued. External Auditors had statutory powers to report issues in the public interest and no issues have come forward during the audit process. Value for Money arrangements were efficient and

effective in their use of resources but in 2021 the Value For Money element would change and Auditors would issue an annual report in its place which would be a commentary on three elements, value for money, governance and sustainability. The Council's overall position was within budget with planned savings being achieved and a sound revenue position which put the Council in a good position with the continued challenges that the pandemic brought. With regards to the audit fee, with additional requirements around valuations and all audits taking longer to complete an additional fee of £15,000 had been agreed by the Director: Finance and HR in principle.

During the debate some Members raised concerns regarding the emphasis on matter and the uncertainty around covid and the approach for the coming year and if this would include formal valuations on properties. Other Members raised concerns regarding Value for Money and the understanding a lay person would have of this going forward.

Grant Thornton felt that it depended on the wider market conditions at the time valuations were issued at the 31 March and if there was a collapse in prices or stability in the market and market values. Whether an emphasis on matter would be required next year was difficult to predict due to the exceptional circumstances as it was the position at the year end.

The Chair, on behalf of the Committee, wished R Percival a long and happy retirement.

#### **AU65      Internal Audit Update Report and Internal Audit Charter**

The Principal Auditor presented the Internal Audit Update Report which set out the planned work between 12 September 2020 and 4 January 2021 and unplanned work to date. There had been eight reports issues within the period (3 green, 2 yellow, 1 amber, 2 red). With regards to the red reports these were for Fleet Services and Setting up Home Grants these had now been followed up with fleet becoming yellow and Setting up Home Grants now amber with both scheduled to have a follow up. Sales Ledger had an amber report which had been followed up, improvements were in place and a yellow grading now in place. A report on these gradings would be brought to the next meeting. Improvements continued to be made with regard to previous reports that came to committee and there were no concerns raised.

During the discussion some Members asked what was the issue with regard to fleet management and if there were examples.

The Principal Auditor reported that Fleet Services had asked for Audit's help as they had a new manager in place and wanted to establish proper controls with regard to recording of bookings and the taking of cash. There was no misappropriation just poor record keeping.

The Audit and Governance Team Leader presented the Internal Audit Charter. The Terms of Reference stated that Members must approved the Charter annually and it had been last approved in January 2020. Its purpose was to

look at how the Council was resourced, its relationship with Audit, the Code of Ethics and Internal Audit Standards. Two small additions had been included to reflect the work which were provided commercially to Parish and Town Council and the duty to report formally when the service took over management of non-audit services. The Audit and Governance Team Leader confirmed that risk management was under his portfolio of services. All other changes to the report were cosmetic.

Upon being put to the vote it was:

**RESOVLED – that**

- a) **Internal Audit planned work undertaken between 12 September 2020 and 4 January 2021 and unplanned work to date be noted; and**
- b) **the revised Internal Audit Charter be approved.**

**AU66      Updated position of the AGS Action Plan 2019/2020**

The Audit and Governance Team Leader gave a brief overview of the updated position of the AGS Action Plan for 2019/20. The Council was required to produce an AGS/AGS Action Plan under the Account and Audit Regulations 2015. It was last presented at Committee in July 2020 and since this time additional measures had been developed and implemented to give further assurance to the Committee and could be found within the additional column of the action plan.

Members noted the report.

**AU67      Strategic Risk Register**

The Audit and Governance Team Leader gave Members an update on the Strategic Risk Register which now sat within the Audit & Governance Team. Part of good governance was to cover key risks that may stop the Council achieving their objectives and encompass publicised matters which included flooding, Brexit and the covid pandemic. The Strategic Risk Register would be presented to Cabinet on 18 February attached to the S151 Officer's service and financial planning papers. There may be the necessity in the future to review the layout of the document and review the key strategic risks.

During the debate some Members asked if key risks such as cyber attacks and ICT resilience were in place.

The Audit and Governance Team Leader confirmed that these were contained at risk 5 – Health and Safety Risk Functions which contained details of building security and cyber security.

Upon being put to the vote it was:

**RESOLVED** – that the Strategic Risk Register be noted and recommended to Cabinet for approval.

**AU68**      **Annual Customer Feedback Report and assurance on lessons learnt 2019/2020**

The Delivery Manager for Customer Relations and Welfare Services presented the Annual Customer Feedback Report and assurance on lessons learnt during the period 1 April 2019 and 31 March 2020. The purpose of the report was to provide assurance to the Committee that the response to complaints was effective and the Council continuously improving. There were 477 complaints received during the reporting period which was a 4% reduction on 2018/19 and the lowest number of complaints in the previous 6 years. The percentage of upheld complaints in 2019/20 had reduced to 43% from 48% in previous year. Where fault was found the procedures have been reviewed to enable wider learning to be identified and to avoid any future complaints of a similar nature and improve customer experience. The Council responded to corporate complaints in an average of 11 days which was well within the 15 day deadline and a significant improvement on the 14 days achieved in the previous year. Some 81% of complaints were dealt with in 15 days which is an improvement on 74% achieved in the previous year. There was a 16% increase in the combined compliments and positive feedback received. There had been a slight increase in adult statutory complaints were received which was slightly up on previous years and 65% were upheld and increase from 54% the previous year and learning had been taken from these complaints in order to embed these into the Council's processes. The Council aimed to respond to complaints within 25 working days, but due to the nature and complexity of some of the cases these can often take longer with the complainant being informed and timescales increased to a maximum of 65 days. In 2019/20 the average number of days responding to a statutory complaints was 51 working days and was an improvement from the 56 working days on the previous year. No adult statutory complaint exceeded the statutory six month timescale as outlined in the legislation. With regard to childrens services 50 statutory complaints were received which was an increase on the 42 received in the previous year. Upheld complaints totalled 43% a slight reduction from the 44% upheld last year. Again learning had been taken from these complaints and embedded within the service. Stage 1 childrens services complaints are responded to within 10 working days, extended to 20 working days if required. In 2019/20 there was an average response time of 21 working days and although this was an improved response time on the previous year of 25 days this needs to be improved to meet the statutory requirements. Some 76% were responded to within the timescales and we are working closely with the service to improve that this year and in future years. Stage 2 complaints were responded to in an average of 37 working days which went forward to investigation and no Stage 3 investigations were undertaken. In 2019/20 the Local Government and Social Care Ombudsman confirmed that they undertook 13 detailed investigations that have followed both our local and statutory complaints process. Seven of these complaints we found to be upheld (54%) and this

average is slightly lower than the averages for other similar local authorities. One complaint had received a statutory remedy prior to being given consideration and have been 100% compliant with the Local Government Ombudsman recommendation compared to 99% compliant by similar local authorities.

During the debate some Members felt that overall it was good to see an improvement across all areas but felt that complaints should not need to go to the Local Government Ombudsman and to have 13 submitted and 7 upheld was the only slightly negative comment on an overall positive report.

Members noted the report.

The meeting ended at 7.11 pm

**Chairman:** .....

**Date:** Friday, 28 May 2021