

Audit and Standards Committee

Meeting held 22 June 2023

PRESENT: Councillors Mohammed Mahroof (Chair), Sioned-Mair Richards (Deputy Chair), Fran Belbin, Laura McClean, Henry Nottage and Alison Howard (Co-opted Independent Member)

1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence had been received from Councillors Simon Clement- Jones and Sue Alston.

2. EXCLUSION OF THE PRESS AND PUBLIC

2.1 The Chair (Councillor Mohammed Mahroof) stated that the report at that agenda item 12 (Strategic Risk Management) were not available to the public and press because they contained exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) relating to the financial or business affairs of any particular person. Accordingly, the public and press would be excluded from the meeting during consideration of that item of business.

3. DECLARATIONS OF INTEREST

3.1 There were no interests declared at the meeting.

4. MINUTES OF PREVIOUS MEETING

4.1 **RESOLVED:** that the minutes of the meeting held on 9th March 2023 were approved as a correct record.

5. INTERNAL AUDIT TACTICAL PLAN 2023/24

5.1 The Committee considered a report regarding the Internal Audit Tactical Plan 2023/24, which presented the Internal Audit planning methodology and programme of work.

5.2 The plan that had been developed needed to be flexible and reactive to respond promptly to changing issues and risks that required Internal Audit review and input.

5.3 The Senior Finance Manager (Internal Audit) Linda Hunter drew the committee's attention to summary of the planned audit time for the current year which showed 114 outputs with assessed priorities of High, Medium,

Low and Statutory.

5.4 The Committee also noted the first call list which highlighted the reviews identified during the planning process which would not be completed on 2023/24. In most cases, there were service-based reasons why an audit review could not be undertaken in the current year.

5.5 Following question from members of the committee it was advised that:

- internal audit was an important part of the council and acted as a critical friend. Internal Audit was approached by other services, so had to be reactive;
- it was confirmed that Internal Audit had 13 staff and the hours within the plan were based around the plan, if more resource was needed then it would be requested from the wider finance team;
- it was advised that the Race Equality Commission report would remain on the action plan until progress was being made;
- the Lowcock report would be followed up in two parts and a progress report was expected in December;
- service charge methodology would be reviewed regularly to ensure these were fair and in line with current circumstances.

5.6 **RESOLVED:** That the Audit and Standards Committee endorses the Internal Audit Tactical Plan 2023/24 and its programme of works.

6. COMPLIANCE TO INTERNATIONAL AUDITING STANDARDS

6.1 The Committee considered a report regarding the compliance with International Standards on Auditing, which demonstrated that it had exercised the required oversight to meet the International Standards on Auditing.

6.2 The Senior Finance Manager (Internal Audit) Linda Hunter advised that the report outlined all the reports that had been submitted the committee.

6.3 Following a question regarding the recruitment of non-voting co-opted members it was confirmed that recruitment was currently being looked at to recruit to the remaining two vacancies. The current Co-Opted member's term had been extended to bridge the gap until these appointments were made.

6.4 **RESOLVED:** That the Audit and Standards Committee 1) confirm that the report gives an accurate reflection of the reports they have received and considered throughout the year and 2) confirm that they have now had an overview of the Council's systems of internal control so that they are assured that they are fulfilling the requirements of 'those charged with governance' under the International Auditing

Standards'

7. AUDIT RECOMMENDATION TRACKER PROGRESS REPORT

7.1 The Committee considered a report regarding the Internal Audit Tracker on progress with recommendation implementation. The report tracked progress made against recommendations in audit reports that had been given a no assurance opinion, or a limited assurance with high organisational impact opinion.

7.2 The Senior Finance Manager (Internal Audit) Linda Hunter advised that four reviews were added to the recommendation tracker report in December 2022. These were not followed up for the last report in January 2023 due to the original agreed implementation dates. For three of the reports the implementation dates had now passed and where included in the report.

These reports were:-

- Heritage Park Community School
- Holgate Meadows Community School
- Freedom of Information (FOI/Subject Access Requests (SAR) recovery plan.

For this period no new reports had been added.

7.3 Members raised concerns over FOI timescales and responding to these in a timely manner. It was advised that resource had been put into getting through the backlog of FOI's and there was a plan in place. There was a need to improve the systems we have in place and the processing times.

7.4 Sarah Green from the FOI team was on the forward plan to come and update the committee. It was requested that she bring a report back sooner.

7.5 In terms of the impact that this was having on staff, it was requested that an action be put in the plan to ensure support was in place for staff.

7.6 **RESOLVED:** - that the Audit and Standards Committee notes the content of the report and agrees to the removal of the following reports from the tracker;

- Direct Payments
- Adult Safeguarding

8. UPDATE ON GOVERNANCE ISSUES OUTLINED IN THE ANNUAL GOVERNANCE STATEMENT 2021/22

- 8.1 The Committee considered a report of David Hollis, Interim General Counsel, which updated on Governance Issues outlined in the Annual Governance Statement 2021/22.
- 8.2 As part of its annual Statement of Accounts, the Council must prepare and obtain approval for an Annual Governance Statement (AGS). The statement serves as an evaluation of the effectiveness of the Council's Internal control system. There were several control weaknesses identified in the AGS 2021/22 that the council must rectify.
- 8.3
- Personal Development Review (PDR) completion rates were significantly lower than target – Actions were implemented earlier this calendar year, meaning this issue was also identified as a non-compliance in the AGS 2022/23.
 - Completion of Mandatory Learning was behind target – Actions were implemented earlier this calendar year, meaning this issue was also identified as non-compliance in the AGS 2022/23.
 - Inconsistent establishment controls could hinder the ability to review service efficiency and effectiveness – Processes were currently being reviewed for establishment controls beginning with a review of fixed term and temporary contracts.
 - Retention and Disposal Schedules not present or routinely applied – work was in progress to make sure that new or replacement systems incorporate enquiries aimed to fully understand the capabilities of the system in terms of deletion and anonymisation at the tendering process. Actions continued to be implemented, meaning this issue was also identified as a non-compliance in the AGS 2022/23.
 - The Record of Processing Activities (ROPA) not kept up to date - Actions continued to be implemented, meaning this issue was also identified as a non-compliance in the AGS 2022/23.
 - Not processing information requests (FOI, EIR and SARs) within timescales- Actions continued to be implemented, meaning this issue was also identified as a non-compliance in the AGS 2022/23.
- 8.4 The Interim General Counsel advised that these issues were reported regularly through portfolio leadership teams.
- 8.5 Following questions from members the following points were noted:
- Staff not completing mandatory training would have IT system access removed;
 - It was felt that the quality of training was important, and it should not be a tick box exercise;
 - Recognition should be given to those staff who have completed the training,

as system issues had cropped up of staff not showing as completing training when they had.

- 8.6 **RESOLVED:** That the Audit and Standards Committee acknowledge the actions taken to address the control weaknesses relating to Human Resources and Information Governance, which were all being closely monitored by the Council's Performance and Delivery Board and Strategic Leadership Team.

9. SUMMARY OF STATEMENT OF ACCOUNTS (UNAUDITED)

- 9.1 The Committee considered a report of the Interim Director of Finance and Commercial Services, Tony Kirkham, that provided members of the Committee with a summary of the 2022/23 unaudited statement of accounts and explained the core statement and key notes to the accounts.
- 9.2 The committee were advised of the national problem with the External Auditors timings and the Interim Director of Finance and Commercial Services wanted to put on record his thanks to the team for the delivery of the accounts in the right deadlines.
- 9.3 The Finance Manager, Ruth Matherson encouraged members to look at the accounts online by September 2023. This was the deadline, however Ernst and Young (External Auditors) would not start to look at these until 2024.
- 9.4 Members were outraged by the external auditor delay, especially when the Council had completed its work by the deadlines and was being held up by a government strategy. It was advised that only 9% of the external auditing work had been done out of the 85% of councils that had completed their work.
- 9.5 Members asked if the council could recoup any fees due to the delays. The Interim Director of Finance and Commercial Services advised that the concerns over costings had been raised with the national body, but once the external auditors had completed their work, only then could the Council report back on costings.
- 9.6 Members asked how the issues were being communicated to the public. The Interim Director of Finance and Commercial Services advised that this was mentioned in the public reports and was being spoke about in public meetings. The Council were currently lobbying government until this was resolved. The accounts would be on the website, but without a conclusion from September.
- 9.7 **RESOLVED:** That the Audit and Standards Committee 1) notes the core statements and the key notes to the Unaudited Statement of Accounts for 2022/23 and 2) note the potential delay to the external audit of the 2022/23 Statement of Accounts.

10. WORK PROGRAMME

- 10.1 The Committee considered a report of the Interim General Counsel that outlined the work programme for the remainder of the municipal year. Members were asked to identify any further items for inclusion.
- 10.2 It was requested that a referrals section be incorporated into the programme, so that members can monitor this. The recent referral from Strategy and Resources Policy Committee would be added to the work programme for October 2023. A request was also made to include some training for the committee within the programme.
- 10.3 **RESOLVED:** that the Audit and Standards Committee noted and agreed to the above changes and requests to the work programme.

11. EXCLUSION OF THE PRESS AND PUBLIC

- 11.1 **RESOLVED:** That the public and press be excluded from the meeting before discussion takes place on the following item of business (Strategic Risk Management) on the grounds that, if the public and press were present during the transaction of such business, there would be a disclosure to them of exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.

12. STRATEGIC RISK REPORT

- 12.1 The Internal Audit and Corporate Risk Manager, Helen Molteno introduced a report and gave a presentation providing an assessment of the Council's current Risk Management arrangements and the measures implemented to further strengthen and improve them and the current and emerging risks, their impact on service delivery and the controls in place to manage them.
- 12.2 **RESOLVED:** That the Audit and Standards Committee;
- (a) notes the current assessment of the Council's Risk Management arrangements and endorses the measures being taken to strengthen those arrangements; and
 - (b) notes the current and emerging risks and endorses the actions being taken to mitigate those risks.

13. DATES OF FUTURE MEETINGS

- 13.1 It was noted that the next meeting of the Audit and Standards Committee would take place on Thursday 27th July 2023 at 5:00pm.