

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 25TH MARCH, 2021 AT 10.30 AM
THE MEETING WAS HELD PURSUANT TO STATUTORY INSTRUMENT 2020/392.**

Present:	Councillors Coley (Chairman), Alexander (Vice-Chairman), Fairley, King, Miles (except items 21 - 24), Placey and Steady
In Attendance:	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Tim Clarke (Assistant Director (Housing and Environment))(items 21 and 22 only), Craig Clawson (Internal Audit Manager), Ian Ford (Committee Services Manager), Keith Durran (Democratic Services Officer), Emma Haward (Leadership Support Assistant) and Karen Hardes (IT Training Officer)
Also in Attendance	Lisa Clampin (Lead Partner – BDO LLP, the Council's appointed External Auditor)

21. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no apologies for absence submitted or substitutions on this occasion.

22. MINUTES OF THE LAST MEETING

It was moved by Councillor Alexander, seconded by Councillor Fairley and:-

RESOLVED that the Minutes of the last meeting of the Committee held on Thursday 25 February 2021 be approved as a correct record.

Further to Minute 17(1) – Internal Audit Plan Progress 2020/21 and at the request of the Chairman of the Committee (Councillor Coley), the Internal Audit Manager gave an update on progress made in relation to the Planning Enforcement follow-up audit and the Princes Theatre audit actions implementation. In addition, the Assistant Director (Housing and Environmental Health) updated Members on the progress made on the implementation of a new Housing Allocations IT system.

23. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

24. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

There were no Questions on Notice on this occasion.

25. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - INTERNAL AUDIT PLAN 2021/22 AND MARCH 2021 PERIODIC UPDATE

There was submitted a report by the Council's Internal Audit Manager (A.1) which sought the Committee's approval for the Internal Audit Plan for 2021/22. The Draft Internal Audit Plan was before the Committee as an Appendix A to that report.

The Committee was reminded that Public Sector Internal Audit Standards required that the Internal Audit Manager -

1. Established a risk based Internal Audit Plan, at least annually, to determine the priorities of the Internal Audit function, consistent with the Council's goals.
2. Had in place a mechanism to review and adjust the plan, as necessary, in response to changes to the Council's business, risks, operations, programmes, systems and controls.
3. Produced a plan that took into account the need to produce an annual Internal Audit opinion.
4. Considered the input of senior management and the Audit Committee in producing the plan.
5. Assessed the Internal Audit resource requirements.

It was reported that the 2021/22 Internal Audit Plan had been developed using a risk based approach, taking into account the Council's Corporate Objectives, Corporate Risks and Emerging Risks. A Risk Assessment process had also been undertaken on all auditable areas (the "Audit Universe") of the Council in order to enable the Internal Audit Manager to provide an opinion on the effectiveness of governance, risk management and internal control processes within the organisation and provide reasonable assurance to the Audit Committee.

Members were informed that existing knowledge of the auditable areas and historical data on operational processes within each service area had allowed for a practical assessment on whether a full audit, a leaner audit or a more balanced approach was required. Every audit within the Plan would include a section on the impact of COVID-19 on the service area rather than have a separate audit covering the entire organisation. In this way Officers could continually monitor the impact throughout the year and provide a more detailed level of assurance overall.

The Committee was made aware that discussions had been held with Management Team members individually and collectively. The feedback from Management Team had been taken into account and incorporated within the Plan presented to the Committee. The Committee now had the opportunity to input into the draft plan.

Members were reminded that the establishment for the Internal Audit function was currently 3.6 fte, however it had not operated at this level for some time. As reported previously two members of the Internal Audit Team had left the organisation leaving 3 fte currently working within the team. The Internal Audit Team had worked hard to deliver the 2019/20 audit plan whilst holding vacancies. Due to the organisation moving towards digitalisation and the Internal Audit Team already working paperless this had allowed the Team to stream line its processes and work smarter by targeting its resources and undertake 100% sample testing due to the availability of electronic data. It was therefore proposed that the Internal Audit Team remained with 3 fte whilst retaining the current budget to commission support from a third party for specialist audit days when needed.

The Committee was informed that the proposed Annual Audit Plan had been developed based on the current resource establishment and by using the Team's adaptation to new innovative techniques and leaner ways of working. The number of audit days

proposed was 450 which remained unchanged from the 2020/21 Audit Plan. The Plan had been created with the following in mind:-

- A leaner more practical audit plan had been developed using a risk based approach, knowledge of all operational processes within service areas, historical assurance opinions and an understanding of where procedural changes had occurred around the Council;
- A hybrid structure of both internal and external resource would provide additional resilience within the team as well as provide different experience, skills transfer for more junior staff and access to a hub of audit resource; and
- The impact of COVID-19 would be assessed within all auditable areas identified to ensure a consistent level of assurance could be provided.

The Committee was advised that the Plan would be kept under review during the year, in consultation with the Council's senior management, and taking account of changes to the Council's priorities, operations and risk. Changes to the Plan would be brought to the attention of the Committee for its approval.

The Committee also received the following update on progress made since the previous meeting of the Committee on the following completed audit:-

GDPR – Data Sharing Agreements

This audit was now completed and had received an overall audit opinion of Adequate Assurance. There had been one significant recommendation raised during the audit meeting the requirements to be reported to the Audit Committee, namely:-

Issue identified

Out of date Data Protection Policy

The current Data Protection Policy could be viewed as 'Out of Date' as it had originally been written in May 2018 as a response to GDPR, and it was intended that it be reviewed annually. As well as questions whether the Policy reflected current GDPR regulations and best practice since the implementation of the Act, it was considered to be beneficial to enhance or support the section on Information Sharing Agreements (ISA) or Data Sharing Agreements (DSA)

Agreed Action:

That the DPO would record all reviews of the Data Protection Policy in the amendment history on page 2 of that policy. A formal review would be undertaken every two years or as required due to a known requirement. A review would also be undertaken of the policy in line with the findings of the audit.

Following discussion, it was moved by Councillor Steady, seconded by Councillor Alexander and:-

RESOLVED that –

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- (a) subject to the minor textual additions put forward by the Chairman of the Committee at the meeting, the Internal Audit Plan for 2021/22 be approved; and
- (b) that the existing arrangements for updating the Plan during the year, where necessary to reflect changing Authority activity and operational needs and to provide flexibility of service delivery, be continued, with significant amendments reported to the Committee as part of the periodic Internal Audit reporting arrangements.

26. REPORT OF ASSISTANT DIRECTOR (FINANCE & IT) - A.2 - THE AUDIT COMMITTEE'S WORK PROGRAMME 2021/11

There was submitted a report by the Council's Assistant Director (Finance & IT)(report A.2) which presented for approval the Committee's proposed work programme for the period April 2021 to March 2022. The work programme was before the Committee as an Appendix to the report.

Members were aware that, in addition to the regulatory and statutory activities undertaken by the Committee such as the Statement of Accounts, Corporate Governance and Risk Management, the Committee was also required to review and scrutinise:

- the work and performance of the Internal Audit function;
- the outcomes from the work of the Council's External Auditor; and
- progress made against audit recommendations and other items identified by the Committee.

Members were made further aware that, during the year, other matters apart from those set out above might be presented to the Committee for consideration. Given the on-going regulatory and statutory workload and the various additional activities undertaken by the Committee, any additional items that might arise would need to be considered against the proposed work programme and included for reporting at the appropriate meeting, or considered for inclusion in subsequent work programmes.

Although not included in the formal work programme, it was recognised that the Committee might wish to develop training opportunities, especially going into 2021/22 following the revised mandatory training requirements for members of the Committee. Such opportunities would either form part of future meetings or, where necessary, separate arrangements would be made.

The Committee was aware that there had been a significant impact on resources over the past year due to the on-going COVID 19 pandemic, which had had a knock-on effect on the timing of specific activities and associated reporting, so it had not been possible to present a number of items originally planned for this meeting of the Committee. However, in consultation with the Chairman of the Committee, it was proposed to include an additional meeting in April 2021 in order to enable those outstanding items to be completed and presented to the Committee as timely as possible, given that the next formal meeting after March 2021 would ordinarily be in July 2021.

It was reported that another impact from COVID 19 was the change in the timetable for the production and audit of the Council's Statement of Accounts. The Government had decided to implement this change on an initial two year period, which reflected their

initial response to the wider Redmond review recommendations. The change to the timetable was as follows:

Key Activity	Existing Date	Revised Date
Publication date for Draft Statement of Accounts (Pre-Audit)	1 June	1 August
Publication date for Final Statement of Accounts (Audited)	31 July	30 September

The Committee was informed that the above change could be accommodated within the existing timetable of meetings, but the Final Statement of Accounts would now be presented to the September meeting of the Committee instead of the July meeting of the Committee.

In addition to the above, the Council was still waiting for the Government's response to the wider Redmond review into the effectiveness of external audit. It was currently proposed to update the Committee as part of the Table of Outstanding Issues reports included within the work programme rather than it featuring as a stand-alone item. However, this would be reviewed once the Government had formally announced their response.

It was also reported that, as the year progressed, it might be necessary to review items on the work programme as some reports / activities and associated timescales could be subject to change or would need to be flexible, especially given the current impact of the coronavirus pandemic which might see disruption continue over a prolonged period of time. As appropriate, the Chairman of the Committee would be consulted on any significant changes to the work programme.

Having considered the proposed Work Programme it was moved by Councillor Fairley, seconded by Councillor Placey and:-

RESOLVED that the Audit Committee's Work Programme for 2021/22 be approved, subject to the Annual Review of the Anti-Fraud and Corruption Strategy being moved to a later meeting of the Committee from its originally scheduled meeting in January 2022.

27. **EXCLUSION OF PRESS AND PUBLIC**

It was moved by Councillor Miles, seconded by Councillor Alexander and:-

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 8 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A, as amended, of the Act.

28. **REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - B.1 - RISK BASED VERIFICATION POLICY**

RESOLVED that, following the annual review for 2021, the Risk Based Verification Policy, as set out in Appendix A to the Officer report, be approved.

The meeting was declared closed at 11.33 am

Chairman