

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,  
HELD ON THURSDAY, 22ND APRIL, 2021 AT 10.30 AM  
THE MEETING WAS HELD PURSUANT TO STATUTORY INSTRUMENT 2020/392.**

<b>Present:</b>	Councillors Coley (Chairman), Alexander (Vice-Chairman), Fairley, Miles (except items 29 - 33 (part)), Placey and Steady (except items 35 – 38)
<b>In Attendance:</b>	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Craig Clawson (Internal Audit Manager), Ian Ford (Committee Services Manager), Clare Lewis (Fraud and Risk Manager), Kai Aberdeen (Theatre General Manager (Technical)) (items 29 - 33 (part) only) and Keith Durran (Democratic Services Officer)
<b>Also in Attendance:</b>	Lisa Clampin (Lead Partner) (except items 35 – 38) and Aphrodite Lefevre (Director & Engagement Lead) – both representing BDO LLP, the Council's appointed External Auditor

**29. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

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

**30. MINUTES OF THE LAST MEETING**

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

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

**31. DECLARATIONS OF INTEREST**

There were no declarations of interest made on this occasion.

**32. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38**

There were no Questions on Notice on this occasion.

**33. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - REPORT ON INTERNAL AUDIT: MARCH 2021 - APRIL 2021**

The Committee had before it a report submitted by the Council's Internal Audit Manager (A.1) which provided a periodic update on the Internal Audit function for the period March to April 2021.

Further to Minute 17 (25.2.21) the Council's Theatre General Manager (Technical) (Kai Aberdeen) attended the meeting and updated the Committee on the progress made in relation to the audit actions that had been required following the 'Improvement Required' outcome of the Princes Theatre Audit.

It was reported that a total of five audits had been completed since the previous update to the Audit Committee in March. Four of the five audits completed had received a

satisfactory level of assurance. One audit (Fleet Management) had received an overall opinion of 'Improvement Required'.

Fieldwork had been completed on a further three audits with the draft report yet to be finalised.

Fieldwork was ongoing on another six audits of which three were close to completion, therefore the majority of audit resource for the 2020/21 Internal Audit Plan would be used for the final three audits with the Revenues and Benefits Department.

#### Quality Assurance

Members were aware that the Internal Audit function issued satisfaction surveys for each audit completed. In the period under review 100% of the responses received had indicated that the auditee had been satisfied with the audit work undertaken.

#### Resourcing

It was reported that there had been no changes to the resources available to the Internal Audit Manager since the previous update in March 2021. The Internal Audit Plan was expected to be completed in order to provide the Head of Internal Audit's Annual Opinion.

The Internal Audit Team continued to support the Silver Cell and Community Hub in the COVID-19 Emergency Planning response. The impact on resourcing was however marginal at this stage.

#### Outcomes of Internal Audit Work

The Public Sector Internal Audit Standards (PSIAS) required the Internal Audit Manager to report to the Committee on significant risk exposures and control issues. Since the last such report five audits had been completed and the final report issued. Four audits had received an 'Adequate Assurance' audit opinion. One audit had received an 'Improvement Required' audit opinion.

#### Fleet Management – 'Improvement Required' Audit Outcome

##### 1. Fleet Management Policy

Members were informed that there was no Fleet Management Policy in place which would set the standards and regulations for employees to comply with when using Council vehicles. There was a set of guidelines for staff to follow, however, they did not incorporate key legislative requirements and lacked key processes and procedures to ensure adequate accountability and effective monitoring was in place, ensuring all operational requirements were recorded in one policy.

#### Agreed Audit Action:

*That a Fleet Management Policy be finalised, reviewed and communicated in order to ensure fleet operations and drivers were compliant with both legal and corporate requirements, effectively monitored and provided adequate accountability.*

## 2. Fleet Management Structure

It was reported that the Council planned to appoint a Transport Manager with the relevant qualifications, who would have responsibility to manage all of the Council's fleet. Currently, the Officer acting up as Transport Manager was responsible for managing all Council vehicles, excluding Building Services vehicles.

### Agreed Audit Action:

*That the Transport Manager has responsibility of all Council Fleet, including Building Services to mitigate the risk of vehicles being inadequately managed.*

## 3. Departmental Vehicle Tracking

The Committee was made aware that Service Managers had use of the Hubio Tracking Software. This was a real time monitoring system, which should be used to monitor and manage vehicle use and to regulate the purposes for which the Council's fleet was being used for. However, not all vehicles were able to be tracked due to the increased number of lease vehicles being used within the Building Services Team and Engineering Team as well as the tracking systems available not being used as effectively as possible through system errors and irregular monitoring.

### Agreed Audit Action:

*All vehicles to be fitted with Hubio trackers that could be removed and installed when lease vehicles were changed in order to ensure that all vehicles being used by Council staff could be continuously monitored. There would be an additional cost to the service which was currently being explored.*

## 4. Fuel Card System

Members were advised that the majority of fuel cards were allocated to a vehicle rather than an employee, this allowed flexibility to use different drivers for each vehicle. However, this created a lack of accountability if the fuel cards were abused and driver records were not kept up to date. Without restrictions in place regarding fuelling activity, it was difficult to monitor fuel consumption. Anything outside of business use, could be classified as a benefit and had further financial implications on the employee and the Council.

### Agreed Audit Action:

*Controlled fuelling processes and procedures were to be included within the Fleet Management Policy which all drivers must agree to and follow ensuring that adequate accountability was in place*

*Both avenues of allocating to individual staff or vehicle were to be explored regarding the allocation of fuel ID cards. Both processes would require improved supplementary processes to ensure adequate controls were in place.*

## Management Response to Internal Audit Findings

Members were aware that there were processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action had been taken. Where appropriate, follow up audits had been arranged to revisit significant issues identified after an appropriate time. There were currently no high severity issues overdue (by more than or less than three months).

Having considered and discussed the contents of the Internal Audit Manager's report and its appendix:-

It was **RESOLVED** that the contents of the report be noted.

**34. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.2 - ANTI-FRAUD AND CORRUPTION STRATEGY**

There was submitted a report by the Council's Assistant Director (Finance & IT)(report A.2) which presented to the Audit Committee for its approval an updated Anti-Fraud and Corruption Strategy.

It was reported that the Council's Anti-Fraud and Corruption Strategy had last been updated in March 2020 and it remained subject to an annual review process which had recently been completed.

An amended strategy was attached as Appendix A to the aforementioned report which reflected a number of minor amendments emerging as part of the annual review process but overall the Strategy remained based on CIPFA's Code of Practice on managing the risk of fraud and corruption as adopted by the Committee at its meeting held on 22 March 2018. The Strategy set out the Council's commitments along with the following key areas:

- *Purpose, Commitment and Procedure;*
- *Legislation and General Governance;*
- *Definitions;*
- *Standards, Expectations and Commitment;*
- *Roles and Responsibilities;*
- *Prevention;*
- *Detection and Investigation; and*
- *Resources Invested in Counter Fraud and Corruption.*

The intention was to continue to include the scope for prosecutions within the Anti-Fraud and Corruption Strategy itself and include the relevant framework against which prosecutions would be considered. Those changes had been included within the 'Detection and Investigation' section of the Strategy. The Strategy would continue to be subject to an annual review process.

Members were informed that the amendments to the Strategy also reflected the response to the COVID 19 pandemic where fraud risks had unfortunately increased during such difficult times. Work remained on-going in terms of lessons learnt from the last 12 months and further changes to the Strategy were likely to be required, especially as relevant regulatory bodies were expected to publish updated anti-fraud and corruption guidance following the COVID 19 pandemic. Subject to the scale and timing

of potential changes, a revised Strategy would be presented to the Committee during the year or form part of the annual review early in 2022.

Updates against the Council's Anti-Fraud and Corruption Strategy Action Plan were also included within the aforesaid Appendix A.

The Committee formally commended the Officers within Financial Services for putting in place pro-active anti-fraud checks in relation to the issuing of the central Government financed Covid-19 amelioration business grants.

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

**RESOLVED** that the amended Anti-Fraud and Corruption Strategy, as set out in Appendix A to item A.2 of the Report of the Assistant Director (Finance & IT), be approved, subject to the incorporation within of the minor alterations and additions agreed at the meeting.

**35. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.3 - AUDIT COMMITTEE: TABLE OF OUTSTANDING ISSUES**

The Committee had before it a report submitted by the Assistant Director (Finance & IT) (A.3) which presented to the Committee the progress on outstanding actions identified by the Committee, together with updates on other general issues that fell within the responsibilities of the Committee.

The Committee was informed that there were three appendices to this report which contained:

- 1) updates against general issues previously identified by the Committee;
- 2) updates against recommendations made by the External Auditor; and
- 3) the latest position against the Annual Governance Statement Action Plan for 2020/21;

It was reported that, to date, there were no significant issues arising in respect of the items identified in Appendices A and B, with work remaining in progress or updates provided elsewhere on the agenda, where appropriate. However, there had been a significant impact from COVID 19 in terms of progressing the actions reported in Appendix C as quickly as originally anticipated. However, activity remained in progress against all actions and work would continue into 2021/22 as required.

Redmond Review

The Committee was aware that Sir Tony Redmond, a former council treasurer and local government ombudsman, had been asked by the Government to look at the effectiveness of external audit, as a summary of recommendations emerging from Sir Tony's review had been presented to it at its meeting held in October 2020.

Members were also aware that Sir Tony had made 23 recommendations relating to the quality, timeliness and sustainability of local audit, and the transparency of local authority accounts. The Government had grouped its initial response into the following

five themes, which had been reported to the Committee at its meeting held on 25 February 2021:-

- *Action to support immediate market stability;*
- *Consideration of system leadership options;*
- *Enhancing the functioning of local audit, and the governance for responding to its findings;*
- *Improving transparency of local authorities' accounts to the public; and*
- *Action to further consider the functioning of local audit for smaller bodies.*

Many of those responses had indicated that the Government would either be liaising with the relevant stakeholders or would be further considering some of the recommendations, with the Government's full response expected during the spring of 2021. This remained the case and any further announcements made by the Government would be reported to the Committee at the earliest opportunity.

Having discussed the contents of the report and its appendices:-

It was **RESOLVED** that the progress made against the actions set out in Appendices A to C to item A.3 of the report of the Assistant Director (Finance & IT) be noted.

### **36. DATE OF FURTHER SPECIAL MEETING OF THE COMMITTEE**

The Committee was requested to formally agree the date of a further special meeting of the Committee in order to enable Members to consider the remaining items on the Committee's work programme namely:-

- (1) External Auditor's Audit Plan for the Year Ending 31 March 2021;
- (2) External Auditor's Certification of Claims and Returns Annual Report; and
- (3) Update on the Council's Corporate Risks.

It was:-

**RESOLVED** that a further special meeting of the Committee be held on Thursday 27 May 2021, commencing at 10.30 a.m.

### **37. EXCLUSION OF PRESS AND PUBLIC**

It was moved by Councillor Alexander, seconded by Councillor Miles 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 10 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.

### **38. EXEMPT MINUTE OF THE MEETING HELD ON THURSDAY 25 MARCH 2021**

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

**RESOLVED** that the Exempt Minute of the last meeting of the Committee held on Thursday 25 March 2021 be approved as a correct record.

The meeting was declared closed at 11.35 am

**Chairman**