

AUDIT COMMITTEE

MINUTES OF MEETING HELD ON THURSDAY, 18 JUNE 2020

Present: Councillors Joan Hully (Deputy Chair in the Chair), Jackie Bowman, Jeffrey Hailes, Sam Meter, Russell Studholme and Eileen Weir.

Officers: Steven Brown (Director of Financial Resources), Gillian Butterworth (Performance and Risk Management Officer), Clive Willoughby (Democratic Services Officer), Stephanie Shaw (Electoral and Democratic Services Manager) and Rose Blaney (Electoral Services Officer).

AU 20/1 Apologies for Absence

Apologies for absence were received from the Independent Chair, Mr Michael Bonner, who due to technical issues was not able to join the virtual meeting.

AU 20/2 Declarations of Interests in Agenda Items:

Councillors Jackie Bowman and Joan Hully declared a Personal interest in any item relating to benefits, due to being in receipt of single person's Council Tax reduction.

AU 20/3 Minutes of the meeting held on 7 November 2019

Consideration was given to the Minutes of the meeting held on 7 November 2019.

Following a 30 second pause to allow for any Member to indicate otherwise, it was

RESOLVED – That the minutes of the meeting held on 7 November 2019 be agreed as a correct record and would be signed by the Chair as soon as practicable.

AU 20/4 Internal Audit Update

Consideration was given to the Internal Audit update report, which was introduced by the Director of Financial Resources.

The report summarised the completed internal audit reports issued since the last Audit Committee meeting in November 2019.

It was stated that as a consequence of the Covid-19 pandemic, a number of planned audits did not take place. These were recommended to be moved into the 2020/2021 Audit Plan or cancelled.

The Director of Financial Resources stated that there had been sufficient internal audit coverage during the year to enable him to give his assurance opinion on the adequacy and effectiveness of risk management, governance and internal control.

The internal audit opinion for 2020/21 would be provided to the next Audit Committee.

During the discussion of this item, Councillor Eileen Weir asked for details of the one outstanding loan referred to on page 15 of the agenda report.

Councillor Jackie Bowman asked for details regarding LEP money and was promised a written reply from the Director of Financial Resources.

A vote was then taken by way of a roll call.

On a vote of 6 For, 0 Against and 0 Abstentions, it was therefore:-

RESOLVED – that

- a) completion of the final reports as set out in paragraph 2 of the agenda report be noted, and
- b) amendment to the 2019/20 audit plan as set out in paragraph 3.2 of the agenda report be agreed.

AU 20/5 Report on the Implementation of Audit Recommendations for Quarter Four of 2019/20

Consideration was given to the progress of the implementation of Audit recommendations for Quarter Four of 2019/20.

The Performance and Risk Management Officer highlighted that at the end of Quarter Four, there were a total of 23 priority one and two audit recommendations outstanding, with a target date for completion up to 31 March 2020. Of these 23, 7 were Priority one and 16 were Priority two.

Committee was reminded that the Council's emergency Business Continuity Plan was enacted on 13 March 2020 in response to the Covid-19 pandemic. Since

that time, the key priority and focus for the Council has been to maintain delivery of critical services.

Necessary resource management and redeployments across the Council meant that the implementation of overdue audit recommendations was not a priority activity for many of our service managers, especially those in critical service delivery, during Quarter four 2019/20 and Quarter one 2020/21.

Committee were assured that, as our business rebuilds and (where possible) resumes, the Corporate Leadership Team was committed to continuing to improve the implementation of audit recommendations within timeframe.

During discussion of this item, Councillor Eileen Weir raised a question relating to Nuclear New Build and community benefits.

The Director of Financial Resources noted the comments.

A vote was then taken by way of a roll call.

On a vote of 6 For, 0 Against and 0 Abstentions, it was therefore:-

RESOLVED – that the progress being made in implementing overdue recommendations be noted.

AU 20/6 Internal Audit Plan and Internal Audit Charter for 2020/21

The Director of Financial Resources introduced the Internal Audit Plan and Internal Audit Charter for 2020/21 to committee.

It was explained that under the terms of the Public Sector Internal Audit Standards the 'Chief Audit Executive' (Director of Financial Resources (DoFR)) is required to prepare an annual risk based audit plan for review and approval by the Audit Committee.

Due to the impact of the Covid-19 pandemic on the organisation the Internal Audit service was suspended between March to the end of June. The plan therefore covered the period from July 2020 – March 2021

The plan attached within the agenda item had considered:

- Consultation with individual members of the CLT;
- Review of strategic risk register, corporate plan and the Corporate Peer Challenge review;

- Review of outcomes of previous audit reviews / other inspections;
- Consideration of national, regional or emerging issues; and
- A risk assessment to identify highest priority areas for inclusion in the audit plan.

In the planning stage for 2020/21 additional internal audit resource was identified to respond to potential risks emerging from COVID-19 and this was included in the plan for 2020/21. The scope of this would be developed during the year.

The 2020/21 plan had been prepared based on an Internal Audit resource of 206 audit days; from July 2020 to March 2021. Given the reduced time available the primary focus will be ensuring that the key financial systems and risks were reviewed to ensure the annual opinion over the Council's arrangements for governance, risk management and internal control could be provided.

The Internal Audit Charter had been included in Appendix A of the agenda report, it described the purpose, authority, responsibilities and objectives of Internal Audit. There were no changes from the Charter approved in 2019/20.

A vote was then taken by way of a roll call.

On a vote of 6 For, 0 Against and 0 Abstentions, it was therefore:-

RESOLVED – that

- 1) the Internal Audit Plan for 2020/21 be agreed; and
- 2) the Internal Audit Charter at Appendix A to the agenda report be agreed.

AU 20/7 Risk Management Report - Quarters three and four of 2019-20

The Performance and Risk Management Officer introduced the Quarterly Risk Monitoring Report for Quarters Three and Four of 2019-20 to committee.

Members were advised that at Copeland a Risk Management Framework is used to identify and manage risks that may affect the achievement of strategic ambitions, or the delivery and quality of core services.

Within the framework, the Corporate Leadership Team monitors strategic and operational risks to mitigate impact, or realise opportunities, posed by current and emerging risks. The Audit Committee receive a quarterly risk report to provide assurance around the adequacy of the Councils risk management arrangements.

Committee members were advised that the World Health Organisation declared Covid-19 a 'global pandemic' on 11th March 2020. Following subsequent UK government advice, on 13th March 2020 the Cumbria Local Resilience Forum declared Covid-19 a major incident and Copeland Borough Council enacted its Business Continuity Plan (BCP).

The agenda report detailed routine risk management activity up until the 13th March 2020, when the Business Continuity Plan was enacted, and outlined risk management measures used by the council during the incident management and business continuity phases of the Business Continuity Plan.

A vote was then taken by way of a roll call.

On a vote of 6 For, 0 Against and 0 Abstentions, it was therefore:-

RESOLVED – that the report and appendices be noted and comments or recommendations made be forwarded for consideration by the Executive on the adequacy of the Council's risk management arrangements.

AU 20/8 Date and Time of Next Meeting:

The next meeting of Audit Committee will be held on Thursday 17 September 2020 at 2:00pm. This will be a virtual meeting.

The Meeting closed at 2.30 pm

Chair