

AUDIT COMMITTEE

MINUTES OF MEETING HELD ON THURSDAY, 7 NOVEMBER 2019

Present: Mr Michael Bonner, in the Chair; Councillors Jackie Bowman, Allan Forster, Joan Hully and Ged McGrath.

Officers: Steven Brown (Director of Financial Resources), Sarah Pemberton (Director of Corporate Services and Commercial Strategy (Monitoring Officer)), Gillian Butterworth (Performance and Risk Management Officer) and Clive Willoughby (Democratic Services Officer).

AU 19/15 Apologies for Absence

Apologies for absence were received from Councillor Russell Studholme.

AU 19/16 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 a benefit.

AU 19/17 Minutes of the meeting held on 8 August 2019

RESOLVED - That the minutes of the meeting held on 8 August 2019 be signed by the Chair as a correct record.

AU 19/18 Order of Agenda Items

With the permission of the Chair, it was

AGREED that Agenda Items 8 (Audit update) and 9 (Finance update) be taken first and together.

AU 19/19 Audit Update

AU 19/20 Finance Update

Mr Gareth Kelly and Mr Jamie Wright (Grant Thornton) provided an overview on the work of the external auditor for the benefit of the new committee members.

Members were then provided with a brief history of the Council's accounts and the challenges posed by the cyber attack in August 2017. It was due to the cyber attack that additional testing of data was taking place.

Consideration was then given to Grant Thornton's Audit Progress Report and Sector Update

Testing had highlighted a number of areas where there were errors, which resulted in further testing. Not all errors were due to the cyber attack, some were down to incorrect coding for example.

The Director of Financial Resources and the Finance team were thanked for their help and support during this process.

Members were reassured to hear that there was no evidence of any money missing or any fraudulent activity and that the auditors were not concerned at the Council's viability.

It was however, suggested that a line be added to the Risk Register.

Committee noted the Redmond Review which would look at the current audit arrangements for councils and whether they are still 'fit for purpose'.

Committee also noted that the National Audit Office – Code of Audit Practice consultation was open until 22 November 2019 and that the new Code would apply from audits of local bodies' 2020-21 financial statements onwards and that from 2021 Value for Money would no longer be commented on.

Members were encouraged to note the Public Accounts Committee – Local Government Governance and Accountability report which stressed the importance of the Audit Committee in local councils.

RESOLVED:- that

- a) the progress being made with the Statement of Accounts be noted, and
- b) a line be added to the Risk Register.

AU 19/21 Report on the Implementation of Audit Recommendations for Quarter Two of 2019/20

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

The Performance and Risk Management Officer highlighted that at the end of Quarter Two, there were a total of 15 audit recommendations outstanding, with a target date for completion up to 30 September 2019. Of these 5 were Priority 1 and 10 were Priority 2.

As suggested at the last meeting the old outstanding audit recommendations were looked at and consideration was given to closing them off as they were no longer relevant. Two recommendations were considered, AR-C 119 (Review all Human Resources Policies to ensure they are all up to date and reflect current practice) and AR-C 122 (Ensure the timely implementation of the ICT Strategy work programme).

RESOLVED – That

- a) the report and progress being made in implementing overdue recommendations be noted;

- b) Two recommendations, AR-C 119 (Review all Human Resources Policies to ensure they are all up to date and reflect current practice) and AR-C 122 (Ensure the timely implementation of the ICT Strategy work programme) be closed off.

AU 19/22 Quarterly Risk Monitoring Report for Quarter Two of 2019-20

The Performance and Risk Management Officer introduced the Quarterly Risk Monitoring Report for Quarter Two of 2019-20 to committee.

Committee were then guided through the quarter two Strategic Risk Register.

Members suggested that the Accounts be added to the risk register.

During the discussion that followed, members asked if Copeland was now up to full staff in key roles and were advised we were. Members were also advised that there were no consultants currently employed.

RESOLVED:- that

- a) The Accounts be added to the Risk Register, and
- b) the Quarterly Risk Monitoring Report for Quarter Two of 2019-20 be noted.

(Note: Councillor Allan Forster and the Performance and Risk Management Officer left the meeting at this point)

AU 19/23 Internal Audit Update

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

During the discussion of this item, Members asked how many petty cash floats there were and the reasons for petty cash being used.

RESOLVED:- that

- a) the revised definition for internal audit assurance opinions, as set out in paragraph 2 of the agenda report be agreed,
- b) completion of the final reports as set out in paragraph 3 of the agenda report be noted,
- c) the ICT Strategy Implementation audit to 2020/21 as set out in paragraph 4 of the agenda report be deferred,
- d) progress against the annual plan as set out in paragraph 5 of the agenda report be noted,
- e) progress against the KPIs as set out in paragraph 6 of the agenda report be noted, and
- f) the amendment to the Internal Audit Charter as per the safeguards which will be put in place to ensure the independence of the service under the new management arrangements, as set out in paragraph 7 of the agenda report be agreed.

AU 19/24 **Local Code of Corporate Governance**

The Director of Corporate Services and Commercial Strategy provided Committee with a refreshed version of the Council's Local Code of Corporate Governance (2019). Members were advised that the Council was required to maintain an up-to-date Code of Corporate Governance based on the latest guidance and to prepare an Annual Governance Statement evidencing how it had met the requirements of that Code in practice throughout the preceding financial year.

The Local Code of Corporate Governance (2019) incorporated the requirements of CIPFA/SOLACE statement 'Delivering Good Governance in Local Government' (2016).

During the discussion of this item, Members requested training in Health & Safety and Personal Safety.

RESOLVED:- that the refreshed Local Code of Corporate Governance (2019) as attached at Appendix A of the agenda report, be approved.

AU 19/25 **Date and Time of Next Meeting:**

The next scheduled meeting of Audit Committee will be held on Thursday 16 April 2019 at 2:00pm (Venue to be confirmed), however, it was noted that a Special meeting may be required before then, in which case the Committee members would be advised.

The Meeting closed at 4.00 pm

Chair