

## **AUDIT COMMITTEE**

**25 November 2021**

Present: Councillor M Hofman (Chair)  
Councillors M Devonish, P Jeffree and M Turmaine

Also present: Simon Luk (EY)

Officers: Head of Finance  
Group Head of Democracy and Governance  
Client Audit Manager, Shared Internal Audit Service  
Democratic Services Manager  
Democratic Services Officer (LM)

### **22 Apologies for Absence/Committee Membership**

Apologies for absences were received from Councillor Bell, and the Portfolio Holder Councillor Watkin.

There was a change of membership for this meeting: Councillor Jeffree replaced Councillor Kloss.

### **23 Disclosure of Interests (if any)**

There were no disclosures of interest.

### **24 Minutes**

The minutes of the meeting held on 16 September 2021 were submitted and signed.

### **25 Freedom of Information Act Requests April to September 2021**

The committee received a report of the Group Head of Democracy and Governance outlining the half yearly performance of the council in responding to Freedom of Information Act requests received between April and September 2021.

The Group Head of Democracy and Governance explained that 354 requests had been received as well as one environmental information request

and this was lower than the previous half year. Of the requests made, 61 were not replied to within the requisite 21 working days and of those seven requests had not received a response. This was an improvement on the previous half year. She advised that requests were now monitored on the council's firmstep system and managed by the Customer Service Centre.

In response to a question from the Chair, the Group Head of Democracy and Governance explained that the new system had enabled requests to be managed better as they were now centralised.

Members raised the issue regarding the late responses and the seven requests that had not received a response. The Group Head of Democracy and Governance advised that this was due to services being busy and unable to respond within the timeframe. She gave the example of requests being received for the election teams during the election period, although responses were supplied after the 21 day deadline.

RESOLVED –

that the report is noted.

## 26 **External Auditor Update**

The committee received an update by the external auditors. The 2019/20 audit had not yet been completed, this was due to a large number of amendments and the complexity of the amendments. Several iterations of the revised accounts prepared by management had been reviewed by EY since the last Audit Committee. Resources continued to be allocated to the audit between now and Christmas, and into January if needed. The audit would be completed as soon as possible.

## 27 **SIAS update report**

The committee received a report of the Client Audit Manager, Shared Internal Audit Service (SIAS), providing the committee with an update on progress against the Annual Audit Plan.

The Client Audit Manager introduced the report. He explained that two out of 17 audits had been completed and that two further audits should have been finalised by this stage. He highlighted to the committee the risk where audits are not completed by the end of the financial year and need to be carried over to the following year. The Client Audit Manager referred members to section 2.11 in the report which had set out the events that had led to the delay and the actions being taken to rectify the situation.

In response to a question from the Chair, the Client Audit Manager clarified that there were three reasons for the delayed audits. Firstly internal staff changes, secondly a push back of the dates and thirdly some audits were awaiting information from the service. The Head of Finance added that heads of service had been made aware of the situation.

Members raised the issue regarding the follow up to the audit recommendation on page 48 of the agenda pack that had been delayed from 2019 with an expected completion date of 2022. The Client Audit Manager clarified that the latest update provided by the Head of Revenues & Benefits confirmed this was due to a software technical issue that had not yet been resolved however a system upgrade was now expected in January 2022 that would allow the service to recommence deletion of obsolete data from the system.

RESOLVED –

1. That the Internal Audit Progress Report for the period to 12 November 2021 be noted.
2. That the amendments to the Audit Plan as at 12 November 2021 be approved.
3. That the change to the implementation date for three recommendations (paragraph 2.5 of the report) for the reasons set out in Appendix C of the report be agreed.
4. That the removal of implemented audit recommendations set out in Appendix C of the report be agreed.
5. That the revised Audit Charter for 2021/22 be approved.

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### **Treasury Management Mid-Year Report 2021/22**

The committee received a report of the Head of Finance providing details of the 2021/22 mid-year review of the Treasury Management Function.

The Head of Finance introduced the report. She highlighted the key aspects from the report regarding capital financing requirements, the current borrowing position to the revised estimate of £85 million and the government's debt management office rates changes.

In response to members' questions on negative interest rates, the Head of Finance explained that to ensure a diverse portfolio and to manage credit risk it

may be appropriate at times to invest in a negative interest rate. In response to a further question regarding the borrowing requirement being less than forecast, the Head of Finance responded that there was £48million less of capital expenditure than originally planned, details could be found in the quarter 2 budget monitoring report but the large numbers were due to draw downs for joint ventures.

RESOLVED –

that the report be noted.

## 29 **Treasury Management Policy 2022/23**

The committee received a report of the Head of Finance providing details of the Treasury Management Policy for 2022/23.

The Head of Finance introduced the report. She advised that the Treasury Management Strategy 2022/23 would be presented for approval to Council early next year and a draft was being shown to the committee for their information. The report was similar to last year's document however she highlighted that there were expected updates to the code of practice guidance in December. There would be a soft implementation of any changes in 2022/23 as they were expected after local authorities' policies had been through committee. Full implementation would therefore be expected in 2023/24.

In response to a question from the chair, the Head of Finance clarified that there was not an expectation to raise the threshold of borrowing next year.

RESOLVED –

that the report is noted.

## 30 **External Auditor Appointments from April 2023**

The committee received a report of the Head of Finance regarding the external auditor appointments.

The Head of Finance explained that the council had been invited to join a national scheme for the appointment of auditors which would be a five year appointment. This was the same process that had been followed when Ernst and Young were appointed in 2018/19. The officer's view was that an appointment of an auditor through the scheme would be able to offer better value. The decision to opt in to the scheme would be taken by full Council.

In response to members' questions, the Head of Finance explained that the council did not have a direct contract with the auditors and therefore there was no ability under procurement legislation to extend the contract. There was an option to go directly, however that involved the formation of panels and complex governance arrangements which would not be cost effective.

RESOLVED –

that the report is noted.

Chair

The Meeting started at 7.00 pm  
and finished at 7.50 pm