

Audit and Risk Committee

Minutes

Monday, 21 September 2020 at 10:00

PRESENT:-

Councillor Flaxman-Taylor (in the Chair); Councillors Freeman, D Hammond & Wainwright.

Ms K Sly (Finance Director), Ms L Snow (Finance Manager), Ms K Bate (Corporate Governance Officer), Ms F Dodimead (Audit Director), Mrs S Wintle (Corporate Governance Manager) & Ms D Hanson (Ernst & Young).

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Cara Walker & Tony Poynton.

2 DECLARATIONS OF INTEREST

There were no declarations of interest declared at the meeting.

3 MINUTES

The minutes of the meeting held on 2 March 2020 were confirmed by assent.

4 ANNUAL AUDIT LETTER YEAR ENDED 31 MARCH 2019

The Committee received and considered the report on the Annual Audit Letter Year ended 31 March 2019.

Debbie Hanson reported that the External Auditor's were required to issue an Annual Audit Letter to the Council following the completion of their audit procedures for the year ending 31 March 2019.

Debbie Hanson reported that due to a number of factors, including EY resourcing difficulties, the volume of audit differences identified, and the impact of Covid19, the audit of the 2018/19 financial statements was prolonged and challenging. The audit identified a significant number of material errors in the accounts which were corrected by management. EY issued their auditor's report on the 13 August 2020 and included commentary to emphasise the Council's disclosures on the impact of the Covid19 pandemic on its financial position.

Councillor Wainwright voiced his concerns regarding the proposed fee increase of between £35 & £40k which equated to an increase of nearly 100% which was a bitter pill for the Council to swallow and he asked whether this increase was a result of staffing issues at EY. The Council needed assurance of sustainable audit fees moving forwards especially as the Council was struggling financially and had the added costs of the pandemic. Debbie Hanson reported that EY had made a number of adjustments to the accounts and as they acknowledged problems at their end, EY had accepted a 50% loss of fees. All Members reported that they agreed with Councillor Wainwright's concerns.

The Finance Director reported that further conversations regarding the proposed increase in audit fees would be undertaken with EY to find an acceptable way forward.

RESOLVED:

That the Committee note the Annual Audit Letter (Year ended 31 March 2020).

5 2019-20 AUDIT PLAN

The Committee received and considered the report on the 2019/20 Audit Plan.

Debbie Hanson reported that the Audit Plan set out how EY intended to carry

out their responsibilities as auditor and explained how the plan summarised the initial assessment of the key risks driving the development of an effective audit for the Council and outlined EY's planned audit strategy in response to those risks.

Debbie Hanson reported the salient points in regard to the following areas:-

- Overview of the 2019/20 audit strategy
- Audit risks
- Value for Money risks
- Audit materiality;and
- Scope of the audit.

The Chairman asked for clarification regarding page 43 of the agenda report covering staff & recruitment as to whether the proposed timetable would work with the staff available.

RESOLVED:-

That the Committee note the 2019/20 Audit Plan.

6 ANNUAL REPORT ON RISK MANAGEMENT ARRANGEMENTS 2019-20 FINAL

The Committee received and considered the report from the Corporate Risk Officer.

The Corporate Risk Officer reported that the report provided details of the key risk management developments during 2019/20 for the committee to review. The report would provide a significant source of evidence to enable the Committee to approve the Annual Governance Statement.

Councillor Wainwright asked for clarification regarding the absence of a register holding information & a risk matrix for tree & land management. Councillor Wainwright asked for clarification regarding the assurance given to the Great Yarmouth Preservation Trust.

RESOLVED:-

That the Committee noted and approved the annual report on the Council's Risk Management arrangements.

7 CODE OF CORPORATE GOVERNANCE FINAL

The Committee received and considered the report from the Corporate Risk Officer.

The Corporate Risk Officer reported that the report contained an update to the Council's Code of Corporate Governance, in accordance with best practice.

RESOLVED:-

That the Committee approve the updated Code of Corporate Governance.

8 ANNUAL GOVERNANCE STATEMENT 2019-20

The Committee received and considered the report from the Corporate Risk Officer.

The Corporate Risk Officer reported that the Council had approved and adopted a Code of Corporate Governance which was consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The Annual Governance Statement explained how the Council had complied with the code and met the requirement of Regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to conducting a review of the effectiveness of its system of internal control.

Councillor Wainwright referred to page 152 of the agenda, numbers 4, 5 & 6, Procurement & Contract Management, Corporate Governance Internal Audit Review 2018/19 & Corporate H & S Review, and requested that the due date be amended to reflect slippage due to Covid19. The Corporate Risk Officer reported that she would request an update and report this information back at the next meeting.

RESOLVED:-

That the Committee had considered and approved the 2019/20 Annual Governance Statement.

9 ANNUAL REPORT AND OPINION 2019-20

The Committee received and considered the report of the Head of Internal Audit for the Council.

The Audit Director reported that the Accounts and Audit Regulations 2015 required that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

The Audit Director reported the salient points of the following areas:-

- the Annual Opinion of the Head of Internal Audit, including roles and responsibilities and the opinion itself
- Audit work undertaken during the year
- Third Party assurances
- Annual Review of the Effectiveness of Internal Audit
- Audit work undertaken during 2019/20
- Assurance Chart;and
- Limitations and responsibilities.

Councillor Wainwright asked for clarification regarding page 165 of the agenda; Building & Development Control and that it had not been audited since 2017. As several Members had concerns regarding Development Control he asked if it could be brought forward. The Audit Director reported that it was not in the audit plan for this year but she would take the request back and notify the Committee of the result via email outside of the meeting.

The Audit Director confirmed that all the recommendations had been met in regard to Great Yarmouth Preservation Trust.

Councillor Wainwright then asked for clarification regarding page 166 of the agenda; IT Project & Programme Management. The role out of new IT equipment to Members was agreed by Policy & Resources Committee with no prior input from Members. As the Council was working towards being paperless, it did not make financial sense for officers to have to deliver paper copies to Members to refer to during a meeting. He asked why Members were not issued with dual screens as per County Councillors.

The Finance Director reported that all members & officers were given a device appropriate to their role and confirmed that there was a planned timescale for the Council to be paperless. Dual screens for Members had been approved pending agreed timescales.

RESOLVED:-

That the Committee note the report.

10 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Committee received and considered the report from the Internal Audit Manager.

The Audit Director reported that the report examined progress made between 1 April 2020 to 14 September 2020 in relation to the delivery of the revised Annual Internal Audit Plan for 2020/21 and included executive summaries in respect of the reviews which had been completed during this period.

RESOLVED:-

That the committee received and noted the outcome of the audits completed during the period 1 April 2020 to 14 September 2020 and the progress to date.

11 REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

The Committee received and considered the report from the Internal Audit Manager.

The Audit Director reported that he report sought to inform Members on the latest progress made in relation to management implementation of agreed audit recommendations falling due by 14 September 2020.

The Audit Director proposed that an additional interim update report be brought to the Committee at the next meeting scheduled for November 2020. The Chairman agreed that this was the best way forward and would help to keep the momentum going.

Councillor Wainwright referred to page 189 of the agenda; GY2007, s106 agreements, and reported that many Parish Councils were unsure of how this money could be utilised. The Audit Director agreed that this was a complex area. Councillor Wainwright was concerned that Legacy s106 money, if not spent, had to be returned to the developers which was not desirable.

The Chairman reported that the issue of s106 agreements was raised at the last meeting. She asked that it be added to the work programme and a "s106 Agreement - A Guide for Members" be prepared for consideration at the January 2021 meeting.

The Audit Director reported that CIL agreements sat alongside s106 agreements and that she had information which linked CIL to s106 which she would email to Members after the meeting for their information.

RESOLVED:-

That the Committee received and noted the current position in relation to the implementation of agreed audit recommendations.

12 WORK PROGRAMME

The Committee received and considered the Work Programme.

The Committee agreed to add s106 agreements to the work programme for a report at the January 2021 meeting.

RESOLVED:-

That the Committee note the Work Programme with the addition of s106 agreements to be included for consideration at the meeting in January 2021.

13 ANY OTHER BUSINESS

The Chairman reported that there was no other business being of sufficient urgency to warrant consideration.

The meeting ended at: 12:00