

## **AUDIT AND GOVERNANCE COMMITTEE**

28 January 2020

**Present** – The Chairman (Councillor Hull) and Councillors Barrett, Handley, Noland, Place and Wheeler.

**Officers** – Chief Finance Officer (s151 Officer), Solicitor to the Council and Monitoring Officer, External Audit Manager, External Auditor and Democratic Services and Scrutiny Officer.

Apologies for absence were received from Councillors Lis, Mercer and Harbron and Independent Person Greg Robinson.

Start: 6.30pm

Finish: 8.10pm

**Resolved** – That the minutes of the meeting held on 21 October 2019 were approved as a correct record and signed by the Chairman.

### **Minutes for Report**

AC.367

#### **EXTERNAL AUDIT: 2018/19 ANNUAL AUDIT LETTER**

The External Audit Manager submitted a report which summarised the work undertaken for the year ended 31<sup>st</sup> March 2019.

The External Audit Manager confirmed the final fees for the 2018/19 financial year. There was an additional fee of £13,336 due to extra work required following indication of material errors in the Council's financial statements.

The Chief Finance Officer (s151) addressed Members comments regarding audit planning work. Members were informed that planning had commenced and a number of steps had already been taken to make improvements to the upcoming year's final accounts.

**Resolved** – (1) That, the Annual Audit Letter is received and noted.

AC.368

#### **EXTERNAL AUDIT: 2019/2020 AUDIT PROGRESS REPORT**

The External Audit Manager submitted a report which updated Members on progress made since the last report to Committee.

Members were informed of the ongoing planning and the staff currently on-site carrying out detailed work in relation to the Council's property valuation. The work was set to be completed in advance of the final accounts period in June/July with a view to rectify any possible issues prior to the draft accounts being prepared.

Members were updated on the results of work carried out in relation to the Council's housing benefit subsidy claim which was reviewed towards the end of last year. The review was slightly different in that there was a set procedure to follow produced by the DWP, as there was no materiality all errors including very minor errors had to be reported. One identified error was related to the calculation of earned income for private tenants. Upon finding the

error a further 40 cases were reviewed and then extrapolated which gave an overall error of £1240 out of a total claim of £7.1m.

The External Audit Manager brought Members attention to the Local Government Financial Resilience index by CIPFA. The index was an online data tool which measured other local authorities against a range of indicators to assess levels of resilience against financial shocks and to support financial decision making.

**Resolved –** (1) That, the Audit Progress Report is noted.

AC.369

**INTERNAL AUDIT: PROGRESS REPORT**

The Internal Audit Manager submitted a report which updated Members on the progress made against the 2019/20 Internal Audit plan up to the 15<sup>th</sup> January 2020.

The current position as at 15<sup>th</sup> January 2020 was broken down and Members were informed of the outstanding audit from 2018/19 which was currently with the Chief Executive for comment. The Internal Audit Manager went through each audit report in brief and informed Members that all assurance levels to date were good or significant.

The Internal Audit Manager set out the progress against the 2019/20 operational plan. Members concerns were addressed regarding the significant difference between the total approved days and the days spent as at 15<sup>th</sup> January 2020. Members were assured that this was not unusual, the figure allowed for contingency and management days.

Members were pleased to note that all audits would be completed in line with the agreed audit plan.

**Resolved –** (1) That, the content of the report and the attached appendix is noted.

AC.370

**INTERNAL AUDIT: GEOGRAPHIC INFORMATION SYSTEM (GIS) 2019/20**

The Internal Audit Manager submitted a report which sought to determine compliance with key control objectives 1-5 detailed in the report.

Members were informed of the street naming and numbering statutory council function. Craven District Council maintained an address database namely the Local Land and Property Gazetteer which was rated gold standard by GeoPlace. The Council had been achieving gold standard each month for the last 7 months.

Audit Services had given a significant level of assurance on the Internal Control Framework within the function in line with the public sector Internal Audit standards. Three Priority 2 recommendations had been proposed by Internal Audit and accepted by relevant officers.

**Resolved –** (1) That, the content of the report is noted.

AC.371

**INTERNAL AUDIT: COMPLIANCE WITH APPRENTICESHIP SCHEME**

The Internal Audit Manager submitted a report which provided assurance that the Council was compliant with the rules of the Apprenticeship Scheme and that the benefits of the Scheme were being maximised.

The Internal Audit Manager informed Members that as at August 2019 Craven District Council had employed 58 apprentices, 41 of which since 2013. Members were pleased to note that 60% of the apprentices had secured further employment with Craven District Council after completing their course. It was noted that during 2019 the Council had won or been runner up in 3 Apprentice awards.

The Apprenticeship Scheme Audit was awarded a significant level of assurance, four recommendations were given in total, three Priority 3 and one Priority 2 detailed in the report.

**Resolved** – (1) That, the content of the report is noted.

AC.372

### **INTERNAL AUDIT: TREASURY MANAGEMENT**

The Internal Audit Manager submitted a report which assured Members on the adequacy and effectiveness of internal controls.

The Committee was reminded that Treasury Management was audited on a rolling basis, the previous audit undertaken was in 2015/16. The Internal Audit Manager informed Members of the principle roles of Treasury Management which were to manage the Council's cash flows, invest surplus money on the money markets to maximise the return on cash balances and ensure that the Council's financial needs are met through long-term borrowing. The actions of the section are governed by the Treasury Management Strategy, approved by Members annually.

The Treasury Management Audit was awarded a good level of assurance. Two Priority 2 and one Priority 3 recommendations were suggested, detailed in the report.

**Resolved** – (1) That, the contents of the report are noted.  
(2) That, the annual Treasury Management Strategy Statement is presented yearly to this Committee for an overview.

AC.373

### **INTERNAL AUDIT: FINANCIAL MANAGEMENT SYSTEM**

The Internal Audit Manager submitted a report which was undertaken as part of the annual audit plan 2019/20 and assured the adequacy and effectiveness of internal controls.

Members were informed of the Agresso accounting system in place at Craven District Council. The system consisted of Agresso Back Officer and Agresso Web which were where all transactions took place.

One Member expressed concern in relation to the raising of official orders. Members agreed that as only 20% of payments had supporting Purchase Orders this was unacceptable. It was requested that relevant officers (managers of procurement) were notified of the Committee's dissatisfaction with the low percentage. The Chief Finance Officer suggested that Members received an update on Purchase Orders at the next meeting with the latest figures with a view to give Members assurance.

Seven Recommendations were made by Internal Audit which were accepted by relevant officers.

**Resolved** – (1) That, the contents of the report are noted.

- (2) That, the Committee receives an update at the next meeting on Purchase Orders in relation to payments.

AC.374                    **INTERNAL AUDIT: MECHANICS WORKSHOP 2019/20**

The Internal Audit Manager submitted a report which sought to determine compliance with key control objectives 1-6 detailed in the report.

Members noted that the main function of the workshop was to service and maintain the Council's fleet of vehicles according to expected standards. A fire risk assessment was carried out by an external company in September 2019 for which an action plan was produced to address issues detailed in the report. The Committee noted the recommendations that resulted from the assessment.

Audit Services had given the audit a good level of assurance despite findings such as broken locks on cabinets containing personal data, lack of specific records detailing associated training and outstanding roof repairs. This raised concern with Members. The Internal Audit manager clarified that the audits are graded on overall risk, not partial. The software used, MK Insight, generated a score taking into account all aspects of the audit, positive and negative.

**Resolved** – (1) That, the Mechanics Workshop audit is noted.

AC.375                    **INTERNAL AUDIT: FLEX TIME AND OVERTIME ARRANGEMENTS**

The Internal Audit Manager submitted a report which was previously submitted to the last Committee Meeting. The report included the Managerial comments as requested by Members. Members noted the update and accepted the report.

**Resolved** – (1) That, the Flexi Time and Overtime Policy audit is noted.

AC.376                    **INTERNAL AUDIT: IMPLEMENTATION OF RECOMMENDATIONS**

The Chief Finance Officer (s151) submitted a report which updated Members on Priority 1 Internal Audit recommendations outstanding, completions in the period and the number of recommendations not yet cleared.

Members noted the progression of outstanding recommendations which were scheduled to be completed by the end of the financial year. One Member enquired as to whether completed recommendations would be brought back to Committee to ensure continuity of the completion. The Chief Finance Officer confirmed that where appropriate recommendations may come back to Committee.

**Resolved** – (1) That, the contents of Appendix A – Outstanding Priority One Internal Audit Recommendations are noted and responsible officers are invited to the next meeting where appropriate.  
(2) That, the contents of Appendix B – Audit Recommendations Completed in the Period are noted.  
(3) That, the contents of Appendix C - Summary of Outstanding Audit Recommendations are noted.

AC.377

**EXEMPTIONS GRANTED UNDER CONTRACT PROCEDURE RULES**

The Chief Finance Officer (s151) submitted a report which detailed the exemptions granted from the Council's Contract Procedure Rules from 15<sup>th</sup> June 2019 to 1<sup>st</sup> January 2020.

The Chief Finance Officer informed Members that under certain circumstances there were occasions when it's appropriate not to seek tenders or quotations provided that the alternative method of selection can demonstrate value for money. Under the Contract Procedure Rules there was one current named circumstance under which a responsible officer may seek exemption. Prior approval must be obtained from the Solicitor to the Council (Monitoring Officer) and the Chief Finance Officer. Members were reminded that exemptions granted are routinely presented to this Committee.

In the period of June 2019 and January 2020, 4 exemptions had been granted which were detailed in Appendix A of the report.

**Resolved** – (1) That, the exemptions granted are noted.

**Minutes for Decision**

There were no items for decision.

Chairman.