

# **MINUTES OF AUDIT AND STANDARDS COMMITTEE**

Wednesday, 19 May 2021  
(7:00 - 8:15 pm)

**Present:** Cllr Princess Bright (Chair), Cllr Josie Channer, Cllr Irma Freeborn, Cllr Mohammed Khan and Cllr Giasuddin Miah

**Also Present:** Cllr Fatuma Nalule, Cllr Dominic Twomey, Lisa Clampin, Satinder Jas and Ross Beard

## **1. Declarations of Interest**

There were no declarations of interest.

## **2. Minutes (18 January 2021)**

The minutes of the meeting held on 18 January 2021 were noted.

## **3. Accounting Policies for the 2020/21 & 2021/22 Statement of Accounts**

The Chief Accountant (CA) provided an overview of the report. The only significant change in the policy was the capitalisation of interest, to help reduce the strain on the Council's budget, which was fully compliant with accounting codes.

The Chair asked for an overview of the estimation techniques and key judgements used in the preparation of the Council's accounts. The CA responded that there was a disclosure note linked to the critical judgements in relation to estimation techniques, particularly in regard to PPE. In relation to assets, disclosure notes referred to values of assets and assumptions surrounding the value.

The Committee endorsed the Accounting Policies for the 2020/21 and 2021/22 Statement of Accounts.

## **4. Audit Completion Report (ISA260) for 2019/20 Account**

There were no papers for this item and a verbal update was given. BDO representatives disclosed that approximately 75% of the audit had been completed and whilst progress had been made, there had been challenges. However, completion of the audit was a major priority.

In response to questioning from the Chair, BDO stated that they intended to return to the audit in July 2021, following the completion of NHS audits, and to complete the audit by August 2021.

The Committee noted the update.

## **5. Lessons learnt from the 2018/19 Accounts Audit**

The Finance Director (FD) presented a report on the joint 'lessons learned' review by BDO and the Council to understand why the 2018/19 audit was significantly

delayed.

BDO had recommended that a Root Cause Analysis be undertaken. A structured review, overseen by an external facilitator to avoid bias from the Council and BDO, was carried out and the issues identified included:

- The Audit and Standards Committee had not confirmed their acceptance of the uncorrected misstatements that had been identified in the Audit;
- BDO were unable to get technical clearance from the Technical Standards Group;
- BDO was unable to obtain the level of assurance required; and
- The Audit Plan requirements could not be met.

90 potential solutions had been identified and 68 had been taken forward, of which 42 had already been implemented. A schedule to implement the outstanding actions had been drawn up, including a target implementation date and there were clear lines of responsibility in terms of ownership. 22 actions were rejected mainly due to duplication or that the action proposed was substantially covered by another action.

The Chair sought clarification on the role of the Committee in relation to the delay to the Audit. The FD indicated that more regular meetings with the Chair and other Committee members may have assisted in reducing or avoiding delays. This was related to wider communication issues.

The challenge going forward was to ensure that actions were implemented but also evolved with regulations and requirements as regular Root Cause Analysis would be unrealistic.

The Cabinet Member for Finance, Performance and Core Services noted that there had been resource issues in addition to communication-related issues. In relation to the effectiveness of the agreed actions, he emphasised that next year's audit would be the litmus test.

The FD cautioned that audits were subject to external issues such as available auditors and the requirements of the regulator. Therefore, audits may take longer than in previous years despite the implementation of the actions.

BDO had introduced a new tool that enabled the sharing of working papers and where progress could be updated in real time. The pandemic had imposed limits on the audit as auditors could not visit the Town Hall. As remote working would continue post Covid-19, it would create challenges in auditing going forward.

Regarding complexity, the FD explained that the group accounts process had been reviewed including subsidiaries. The FD stated that, initially, insufficient information was given to BDO on the resources required to audit the Council and its subsidiaries. Both BDO and the Council had now provided additional resources and BDO confirmed that it would ensure that the same staff members would be working on the Council's audit each year for continuity purposes.

The Committee noted the report.

## **6. Internal Audit Q3 Report**

The Head of Assurance (HoA) updated the Committee on activities for the period up to 31 December 2020.

The risk and compliance audit plan had two new audits added in Q3 and two removed. The two added plans were a Landlord Compliance Review within Reside and a review of the Targeted Early Help Service within the Council.

The Landlord Compliance Review had been requested by Reside management who would fund the audit to be undertaken by PWC, so it would not impact on resources within the Council. However, additional assurance would be gained by the Council in relation to compliance with landlord responsibilities.

The Targeted Early Help Service audit had been requested by the relevant Cabinet Member and supported by the relevant Director following a recent inspection of the service by OFSTED. The HoA had provided independent management oversight of an assurance exercise.

The HoA further advised that:

- 39% of risk and compliance audits were at the draft stage;
- 62% of school audits were at the draft stage;
- 13 Internal Audit Reports had been issued during Q3 and four related to schools.
- Three of these internal audit reports were awarded limited assurance.

There were two high risk overdue actions related to Right to Buy due to work being delayed pending a service review. The review had now been completed and, as a consequence, a recruitment drive had been undertaken and compensating controls had been implemented, with the involvement of Legal Services.

The Committee noted the update.

## **7. Approval of Internal Audit Charter, Strategy & Plan 2021/22**

The HoA introduced the report and advised that the Charter, Strategy and Plan had been developed in accordance with Public Sector Internal Audit Standards.

The Charter had been updated to reflect current reporting lines and additional measures that had been put in place for internal audits where the HoA had strategic control.

The Strategy detailed how internal audit services would be delivered in accordance with the Charter and related to operational factors such as resources and approach to preparation.

Non-audit areas that came under the responsibility of the HoA would also be reviewed. The Internal Audit Manager, who was independent of the non-audit areas of the Assurance team, would oversee those aspects in order to avoid conflicts of interest. The Head of Assurance would not be involved.

The Committee endorsed the Internal Audit Charter, Strategy and Plan as set out in the appendices to the report.

## **8. Counter Fraud 20/21 Q3 Review**

The HoA updated the Committee on counter fraud activities up to 31 December 2020.

It was noted that the COVID-19 pandemic had created a challenge as much of the work had previously involved face-to-face interaction and meeting colleagues and members of the public. However, the Counter Fraud Team had overcome those challenges and stepped up the pace of remote investigations.

The HoA drew the Committee's attention to the successes against housing-related fraud, highlighting that 26 homes that had been inhabited by ineligible persons had been returned to the Council's housing stock. The Council also recovered circa £66,000 in fraudulent payments.

The Committee noted the report.

## **9. Information Governance Annual Report**

The Head of Customer Contact (HCC) gave the Committee an overview of her report, which covered data from 2020.

The report provided insight by the Customer Feedback Team on subject access requests, complaints, Members' casework and Freedom of Information requests. The report measured the performance of those services against their targets.

Service disruption due to COVID-19 had impacted on performance, with the HCC highlighting the closure of Leisure Centres and the suspension of all non-emergency repairs. The HCC also advised that:

- Complaints declined by 17%;
- 77% of complaints were responded to within the target timescale;
- 82% of Members' enquiries were responded to within the target timescale;
- 49% of complaints were upheld, of which 21% were related to waste collection;
- 5% of complaints warranted a Stage 2 review which was a year-on-year increase;
- Of 15 cases that went to the Housing Ombudsman, 13 were upheld.

Following questioning by the Committee, the HCC stated that meetings were held with stakeholders to address the issues raised in the report.

The Committee noted the report.

## **10. Standards Complaints update**

The Head of Law gave an update on the outstanding complaint against a Member alleging a breach of the Council's Code of Conduct.

The Committee noted the update.

## **11. Work Programme 2021/22**

Members noted the current work programme for the Committee and asked the Chair and officers to liaise with BDO representatives regarding the rescheduling of the Audit Completion Report, which BDO advised was unlikely to be completed by July 2021.