



Audit Committee

Date: Thursday, 08 December 2022

Time: 10:03

Venue: Flensburg Room

Present: Councillor Robert Betton, Councillor Pamela Birks, Councillor Jeffrey Bomford, Councillor Mrs Christine Finlayson, Councillor Neville Lishman, Councillor Lucy Patrick

Also Present: Councillor Christian, Environment and Transport Portfolio Holder
Ms Philp, Public Sector Audit Senior Manager (Grant Thornton)

Officers: Town Clerk and Chief Executive
Corporate Director of Governance and Regulatory Services
Corporate Director of Finance and Resources
Audit Services Manager
Accountancy Services Manager

AUC.61/22 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Mrs Mitchell and the Director, Audit (Grant Thornton).

AUC.62/22 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

AUC.63/22 PUBLIC AND PRESS

It was agreed that the items in Part A be dealt with in public and the items in private be dealt with in Part B.

AUC.64/22 MINUTES OF PREVIOUS MEETINGS

RESOLVED - 1) It was noted that Council, on 8 November 2022, received and adopted the minutes of the meeting held on 28 September 2022. The Chair signed the minutes.

2) That the minutes of the meeting held on 10 November 2022 be agreed.

AUC.65/22 AGENDA

RESOLVED - That agenda items A.2 - Treasury Management July to September 2022 and A.3 - Statement of Accounts 2022/23 be moved to the first items on the agenda.

AUC.66/22 TREASURY MANAGEMENT JULY TO SEPTEMBER 2022

The Accountancy Services Manager submitted the regular quarterly summary of Treasury Management transactions for the second quarter of 2022/23 (RD.43/22).

A full schedule of investment transactions was set out in Appendix A2 with Appendix A3 showing outstanding investments at end of September 2022.

The Accountancy Services Manager drew Members' attention to the table at Section 5 which depicted performance on treasury management budget to the end of September 2022. Interest receivable was ahead of expectations due to higher than forecast average cash balances and increased interest rates.

RESOLVED – That the Treasury Management: July to September 2022 report be noted (RD.43/22)

AUC.67/22 STATEMENT OF ACCOUNTS 2022/23

The Corporate Director of Finance and Resources provided information regarding the forthcoming 2022/23 Final Accounts process (RD.45/22). She also provided the draft accounting policies that would be used in the close down of the 2022/23 accounts.

The Corporate Director of Finance and Resources reported that the existing Accounting Policies had been updated for the 2022/23 Statement of Accounts. However, the 2022/23 Code of Practice Guidance notes had not yet been published showing the required changes in Accounting Policies for 2022/23. The updated policies were included in the report and Members were asked to consider the accounting policies as outlined to provide the basis for the preparation of the 2022/23 Accounts. The accounts would be prepared by Cumberland Council on behalf of Carlisle City Council and would be signed off by Cumberland's S.151 Officer. If there were any subsequent significant changes to the policies following publication of the Guidance Notes, they would be reported to the Committee at the next available meeting.

In response to a question the Public Sector Audit Senior Manager (Grant Thornton) clarified the position regarding the preparation of the accounts as a going concern.

The Committee noted that the Carlisle City Council accounts process was in an excellent position for the move to Unitary Councils and congratulated the Corporate Director of Finance and Resources, her team and auditors for their due diligence and hard work.

RESOLVED - That the Audit Committee noted the update on the 2022/23 accounts and considered the draft accounting policies to be used in the preparation of the 2022/23 accounts (RD.45/22).

AUC.68/22 INTERNAL AUDIT PROGRESS 2022/23 (OCTOBER-NOVEMBER)

The Audit Services Manager submitted report RD.44/22 providing an overview of the work carried out by Internal Audit between October and November of 2022.

The Audit Services Manager reported that 53% of planned reviews had been finalised and a further 21% were underway, indicating good progress against the audit plan. Seven planned pieces of work had been finalised in the period and were submitted as separate agenda items for the Committee's consideration.

The Audit Services Manager highlighted amendments to the Internal Audit Plan in section 5.3, the proposed amendments were:

- remove the proposed review of CT Services;
- increase ICT follow up scope;
- increase general contingency.

The Committee noted that there continued to be significant concern with the number of completed actions and limited responses to audit requests for updates. The Committee sought reassurance that the issues were being addressed.

The Audit Services Manager confirmed that the Senior Management Team (SMT) had given a clear and robust message to officers with regard to audit responses, where issues continued and it was appropriate, Audit Services had arranged one to one meetings with managers. In addition the Town Clerk and Chief Executive highlighted issues across the authority regarding recruitment and retention and the work that staff were undertaking for LGR alongside their day to day work. SMT were addressing the issues where risks were significant.

The Corporate Director of Finance and Resources gave an update on eight of the outstanding responses within her Directorate. She also advised Members, following the receipt of the outcome of the BEIS review, that they and the National Audit Office were satisfied that our processes in place for the distribution of Covid grants was robust, and that the letter would be given to Internal Audit as evidence.

RESOLVED - That the Audit Committee:

- i) noted the progress against the audit plan for 2022/23 (RD.44/22);
- ii) received the final audit assignments as outlined in paragraph 2.3;
- iii) noted the progress made on audit recommendations to date outlined in Appendix 2;
- iv) approved the amendment to the Internal Audit Plan outlined in paragraph 5.3.

AUC.69/22 INTERNAL AUDIT REPORT – CORPORATE INTERNAL CONTROLS

The Audit Services Manager submitted the Corporate Internal Controls internal audit report (RD.46/22).

The Audit Services Manager reported that the Corporate Internal Controls (Appraisals, E-Learning & Intranet) received a substantial assurance level.

RESOLVED - That the Internal Audit Report - Corporate Internal Controls (Appraisals, E-Learning & Intranet) be received (RD.46/22).

AUC.70/22 INTERNAL AUDIT REPORT – RISK MANAGEMENT

The Audit Services Manager submitted the Risk Management internal audit report (RD.47/22).

The Audit Services Manager reported that the Audit of Risk Management received a reasonable assurance level.

In response to a Member's concern the Corporate Director of Finance and Resources assured the Committee that Managers were reminded periodically that risks should be identified by the team and not in isolation.

RESOLVED - That the Internal Audit Report - Risk Management be received (RD.47/22)

AUC.71/22 INTERNAL AUDIT REPORT – FLEET MANAGEMENT STRATEGY

The Audit Services Manager submitted the Fleet Management Strategy internal audit report (RD.48/22).

The Audit Services Manager reported that the Fleet Management Strategy received a reasonable assurance level.

A Member highlighted outstanding advisory comments (2.2.10, 2.2.12) and questioned why the actions had not been completed. The Audit Services Manager agreed to follow up on the actions and advise the Committee on the outcome. He also advised that the Key Performance Indicators would be part of the quarterly performance reports.

RESOLVED - That the Internal Audit Report - Fleet Management Strategy be received (RD.48/22)

AUC.72/22 INTERNAL AUDIT REPORT - SUSTAINABLE WARMTH GRANT

The Audit Services Manager submitted the Sustainable Warmth Grant internal audit report (RD.49/22).

The Audit Services Manager reported that the Sustainable Warmth Grant received a partial assurance with one high grade and three medium recommendations. The matter had been taken to SMT and Scrutiny and had been added to the Corporate Risk Register.

The Corporate Director of Governance and Regulatory Services shared the Committee's concerns regarding the project and gave a detailed update on the changes made to the management structure and recruitment to move the project forward. He reminded the Committee that the Council had been awarded £19m in funding which had to be spent by March 2023, however there was an option to apply for an extension.

The Corporate Director informed the Committee that the Council had worked closely with the Department for Business, Energy and Industrial Strategy (BEIS) to revise the plans and prepare an assessment to in order that the BEIS project team could decide how the project should move forward, including whether any of the grant monies would need to be repaid. He explained that the Memorandum of Understanding sub-agreements with some of the other District Councils had not yet been signed which had also caused delay. Based on the output by the team in November a significant amount of the funding was hoped to be allocated before the March deadline.

The Town Clerk and Chief Executive acknowledged that mistakes had been made, however, they were addressed as soon as they came to light. The culture of the organisation empowered teams, this required trust. In this case there was failed behaviour and mistakes were not addressed. He reiterated the changes that had been implemented and the improvement in the delivery of the project.

The Committee had been disappointed with the management of the project and requested that an update on the project, referencing the Audit Report, be submitted to the People Panel for scrutiny. The Committee agreed that this would be most beneficial following the receipt of the BEIS deliberations.

RESOLVED - 1) That the Internal Audit Report - Sustainable Warmth Grant be received (RD.49/22)

2) That an update on the implementation of the Sustainable Warmth Grant Project be referred to the People Panel following the BEIS consideration of the position. The update should include information on the outcomes and delivery of the grants as well as a reference to the Audit report (RD.49/22).

The meeting adjourned at 11:35 and reconvened at 11:40.

AUC.73/22 INTERNAL AUDIT REPORT - FINANCIAL SERVICES GOVERNANCE ARRANGEMENTS

The Audit Services Manager submitted the Financial Services Governance Arrangements internal audit report (RD.50/22).

The Audit Services Manager reported that the Financial Services Governance Arrangements received a reasonable assurance level.

RESOLVED - That the Internal Audit Report - Financial Services Governance Arrangements be received (RD.50/22)

AUC.74/22 INTERNAL AUDIT REPORT - BEREAVEMENT SERVICES

The Audit Services Manager submitted the Bereavement Services internal audit report (RD.51/22).

The Audit Services Manager reported that the Bereavement Services received a reasonable assurance level.

RESOLVED - That the Internal Audit Report - Bereavement Services be received (RD.51/22)

AUC.75/22 INTERNAL AUDIT REPORT - TREASURY MANAGEMENT

The Audit Services Manager submitted the Treasury Management internal audit report (RD.51/22).

The Audit Services Manager reported that Treasury Management received a substantial assurance level.

RESOLVED - That the Internal Audit Report - Treasury Management be received (RD.51/22)

The Meeting ended at: 11:50