



## **Audit Committee**

**Date:** Friday, 24 September 2021

**Time:** 10:00

**Venue:** Council Chamber

**Chair:** Councillor Keith Meller

**Present:** Councillor Pam Birks, Councillor Jeffrey Bomford, Councillor Keith Meller, Councillor Mrs Linda Mitchell, Councillor David Shepherd (as substitute for Councillor Mrs Ann McKerrell), Councillor Mrs Valarie Tarbitt

**Also Present:** Key Audit Partner / Director of Finance, Grant Thornton  
Councillor Ellis: Finance, Governance and Resources Portfolio Holder

**Officers:** Corporate Director of Governance and Regulatory Services  
Corporate Director of Finance and Resources  
Financial Services Manager (Deputy S.151)  
Principal Auditor  
Infrastructure and Service Desk Manager

### **AUC.43/21 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors Mrs Ann McKerrell and Councillor Lucy Patrick.

### **AUC.44/21 DECLARATIONS OF INTEREST**

In accordance with the Council's Code of Conduct the following declarations of interest were submitted:

Councillor Meller declared a registrable interest in respect of agenda item A.3(i) Internal Audit Report – Community Services. The interest related to the fact that he was a Trustee of Brampton Community Centre Board.

Councillor Mrs Tarbitt declared a registrable interest in respect of agenda item A.3(i) Internal Audit Report – Community Services. The interest related to the fact that she was a Trustee of Longtown Community Centre.

Councillor Bomford declared a registrable interest in respect of agenda item A.3(ii) Internal Audit Report – Third Sector Grant Funding (VFM). The interest related to the fact that he was the City Council's representative on the Carlisle and District Citizens' Advice Bureau Trustee Management Committee.

Councillor Shepherd declared a registrable interest in respect of agenda item A.3(ii) Internal Audit Report – Third Sector Grant Funding (VFM). The interest related to the fact that he was the City Council's representative on the Carlisle and District Citizens' Advice Bureau Trustee Management Committee.

## **AUC.45/21 PUBLIC AND PRESS**

RESOLVED – That the Agenda be agreed as circulated.

## **AUC.46/21 MINUTES OF PREVIOUS MEETINGS**

RESOLVED – To note that Council, on 14 September 2021, received and adopted the minutes of the meetings held on 8 July and 28 July 2021. The minutes were signed by the Chair.

## **AUC.47/21 MINUTES OF BUSINESS AND TRANSFORMATION SCRUTINY PANEL**

The Minutes of the meetings of the Business and Transformation Scrutiny Panel held on 3 June, 15 July and 26 August 2021 were submitted for information.

RESOLVED – That the Minutes of the meetings of the Business and Transformation Scrutiny Panel held on 3 June, 15 July and 26 August 2021 be noted.

## **AUC.48/21 EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The Key Audit Partner, Grant Thornton submitted a paper detailing progress in delivering Grant Thornton's responsibilities as the Council's external auditors, together with a summary of emerging national issues and developments that may be of relevance.

A Member thanked the Key Audit Partner for the inclusion of the Public Interest Reports

The Corporate Director of Finance and Resources confirmed that a meeting of the Audit Committee would be arranged to take place later in the year.

RESOLVED – That the External Audit Progress Report and Sector Update be welcomed.

## **AUC.49/21 INTERNAL AUDIT PROGRESS REPORT 2021/22 (JULY TO SEPTEMBER)**

The Principal Auditor submitted report RD.39/21 providing an overview of the work carried out by Internal Audit between July and September 2021. The report also included information on progress against the agreed audit plan, performance indicators and previous audit recommendations.

Two planned pieces of work were completed and were provided for consideration by Members: Third Sector Funding (VFM); and Community Centres.

In response to a Member's question the Corporate Director of Finance and Resources detailed the staffing arrangements for Internal Audit, adding that a flexible approach to home and office working would be taken with staff in their return following the pandemic.

RESOLVED – That the Audit Committee

- (i) noted the progress against the 2021/22 Audit Plan as detailed in report RD.39/21
- (ii) received the final audit assignments as outlined in paragraph 2.2 of report RD.39/21
- (iii) noted the progress made on audit recommendations to date outlined in appendix B of report RD.39/21

The Principal Auditor then outlined each of the above mentioned audits in turn highlighting the context, key point and recommendations.

Members considered the following individual completed audit reviews:

**(i) Internal Audit Report – Community Services**

The Principal Auditor reported that, although it was out with the remit of internal audit to action recommendations, it was the goal that there would be consistent Service Level Agreements in place for all Community Centres.

RESOLVED – That the Final audit – Community Services report be received (RD.41/21)

**(ii) Internal Audit Report – Third Sector Grant Funding (VFM)**

In response to a Member's question the Principal Auditor confirmed that the recommendation to introduce a high level operation quarterly risk register and monitoring review would include arrangements for dealing with risks identified in the monitoring arrangements.

RESOLVED – That the Final audit – Third Sector Grant Funding (VFM) report be received (RD.41/21)

**AUC.50/21 TREASURY MANAGEMENT: APRIL TO JUNE 2021**

The Financial Services Manager (Deputy S.151) submitted the regular quarterly summary of Treasury Management transaction for the first quarter of 2021/22 (RD.34/21).

A full schedule of investment transactions was set out in Appendix A2 with, Appendix A3 showing outstanding investments at end of June 2021. The weighted average return achieved on all investments as at the end of June was 0.79%.

The Financial Services Manager (Deputy S.151) drew Members' attention to the table at Section 5 which depicted performance on treasury management budget to the end of June 2021. Interest receivable was in line with current budget expectations.

The dividends received from the property fund had maintained an income of approximately £33,000 per quarter. The yield to the end of June was 4.18%. The valuation of the investment at the end of June was £3,402,054.

RESOLVED – That the Treasury management : April to June 2021 report be noted (RD.34/21)

**AUC.51/21 TECHNICAL UPDATE AND CONSULTATION RESPONSES**

The Financial Services Manager (Deputy S.151) provided an update on technical issues and consultations on financial and auditing matter of relevance to the Council (RD.38/21).

The report set out the open and forthcoming consultation and closed consultations; Local audit Framework (Technical Consultation) questions; PSAA Consultation on appointment of local auditors from 2023 – Council and PSAA responses.

In considering the Report Members raised the following questions / comments:

- Would it be possible to include Members in the consultation responses?

The Financial Services Manager (Deputy S.151) responded that the consultation on the Local Audit Framework had closed, the Council's response would be included in the next report to the Audit Committee, however, he agreed to circulate the response to Members.

- A Member highlighted the importance of social value and thanked officers for its inclusion in the report.

The Key Partner, Grant Thornton echoed the importance and highlighted the social apprenticeship work being undertaken by Grant Thornton.

- Referring to the PSAA procurement arrangements a Member asked if there were clauses in the external audit contract which would allow the Council to end the agreement should the external auditors not be performing as expected.

The Corporate Director of Finance and Resources informed the Committee that the Council had until 11 March 2022 to make a decision about opting into the PSAA regime. She added that a detailed report would be submitted to the next Audit Committee, a report would then be taken to Council for a decision. Any agreement undertaken would include protection clauses for the Council.

RESOLVED – 1) That the update on consultations and technical issues, including the Council's responses, be noted (RD.38/21).

2) That the Financial Services Manager (Deputy S.151) circulate a copy of the Council's response to the Local Audit Framework consultation to Members.

#### **AUC.52/21 PUBLIC AND PRESS**

RESOLVED – That in accordance with Section 100A(4) of the Local Government Act 1972 the Public and Press were excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in the paragraph number (as indicated in brackets against the minute) of Part 1 of Schedule 12A of the 1972 Local Government Act.

#### **AUC.53/21 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS (ICT)** (Public and Press Paragraph 3)

The Corporate Director of Finance and Resources provided a summary of progress against outstanding recommendations in relation to ICT Services and outlined the steps to be taken to progress implementation of agreed actions. (RD.40/21)

The Infrastructure and Service Desk Manager responded to the Committee's questions regarding recruitment, procurement and the steps taken to address the risks which had been identified.

The Corporate Director of Governance and Regulatory Services set out how the Local Government Reorganisation would move forward and thanked ICT Services for their continued support and hard work during the pandemic.

The Audit Committee echoed the Corporate Director's thanks.

RESOLVED – That the Outstanding Internal Audit Recommendations (ICT) report (RD.40/21) be noted.

The Meeting ended at: 11:06