

Audit Committee
30 MARCH 2022

Present: Councillors: John Blackall (Vice-Chairman), Martin Boffey, Paul Clarke, Ruth Fletcher and Richard Landeryou

Apologies: Councillors: Stuart Ritchie and Gordon Lindsay

AAG/35 **MINUTES**

The minutes of the meeting held on 1 December 2021 were approved as a correct record and signed by the Vice-Chairman.

AAG/36 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/37 **ANNOUNCEMENTS**

There were no announcements.

AAG/38 **ANNUAL AUDIT LETTER**

The External Auditors presented their Auditor's Annual Report for the year ending 31st March 2021.

The Report summarised the work undertaken in the 2020-21 year and the conclusions raised. External Auditors had completed their audit of the Council's financial statements and issued an unqualified opinion that the financial statements gave a true and fair view of the financial position of the Council as at 31 March 2021 and of its expenditure and income for the year then ended. The financial statements had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. The External Auditors had no matters to report by exception on the Council's Value for Money arrangements.

The Associate Partner explained that additional audit procedures undertaken on the audit to address new audit risks such as Covid-19 grants, and work using pension and Real Estate specialists had led to additional fees. The proposed additional fees had been discussed with management and would be submitted to PSAA Ltd for approval.

The Committee noted the contents of the report.

AAG/39 **EXTERNAL AUDIT PROGRESS REPORT AND AUDIT PLAN**

The External Auditors had not yet brought forward an Audit Plan but stated that it would be presented at the next meeting of the Committee once the planning work had been completed.

AAG/40 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Head of Finance and Performance presented the Risk Management Quarterly Update to the Committee. The report included an update on the Corporate Risk Register for consideration and provided an update on progress with the quarterly departmental risk register reviews.

It was reported that there were five risks considered to be high:

CRR37 - Delay to plan preparation due to the requirement of the plan to demonstrate water neutrality, or as a result as significant / unexpected changes to government guidance.

CRR01b - Funding from Government is less generous than assumed in the Medium-Term Financial Strategy (MTFS) from 2021

CRR01c - Decrease in Rateable Value due to appeals and businesses going under. This may cause the Council to fall below the business rates baseline, resulting in loss of funding.

CRR18 - (i) A malicious attacker exploits a known or unknown security weakness to penetrate the Council's ICT systems. The level of threat has been raised by the Cabinet Office to amber. (ii) IT not working due to environmental problems: fire, flood, power cut.

CRR19 - Ongoing reduction in planning fees; reduced car parking income; increased homelessness; and increased housing benefit claims; leisure centres; property income; investment income.

Departmental risk registers had been reviewed and updated. The rising risks of inflation and cyber security were being closely monitored.

The Committee noted the contents of the report and relevant appendices.

AAG/41 **DRAFT ANNUAL GOVERNANCE STATEMENT**

The Director of Corporate Resources reported that the annual review of the Council's governance, risk management and internal control arrangements had been undertaken to support the Annual Governance Statement for 2020/21.

The review included information and assurance gathering processes as well as a review of the Council's Governance framework against the best practice framework devised by CIPFA/SOLACE. The aim was to ensure that the Council

had effective governance, risk management and internal control processes in place to assist with accountability and the delivery of objectives. The review process had identified any shortfalls in these arrangements to enable them to be addressed. The Annual Governance Statement included an action plan to help improve the effectiveness of the Council's governance arrangements and control environment.

RESOLVED

That the Annual Governance Statement for 2021/2022 be approved.

AAG/42 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor provided a progress report of internal audits carried out during Q3 of 2021/22.

Of the five formal audits finalised during the quarter, three received an opinion of 'substantial assurance', one 'reasonable assurance' and one 'partial assurance'.

The audit that received 'partial assurance' was for Surveillance Cameras. A total of seven medium risk priority actions were reported, and actions had been agreed with management to address them. Internal Audit would undertake a follow-up audit in due course and provide other support as appropriate.

Formal follow up reviews would continue to be carried out for all audits where 'minimal assurance' opinions had been given and for higher risk areas receiving 'partial assurance'.

The Committee noted the contents of the report.

AAG/43 **INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2022/23**

The Chief Internal Auditor presented the Internal Audit Strategy and Annual Plan for 2022/23.

The strategy proposed an approach based on focusing audit resources in areas with the highest risk to the achievement of the Council's objectives. These areas had been identified and prioritised based on the Council's own risk assessment processes and following consultation with senior officers and Members.

In order to ensure audit and assurance activity would be focussed on supporting the delivery of the Council's priorities, the audit plan had taken into account the key corporate goals of the Council as set out within the Council's Corporate Plan.

RESOLVED

That the Internal Audit Strategy and Annual Plan 2022/23 be approved.

AAG/44 **URGENT BUSINESS**

There was no urgent business.

The meeting closed at 6.20pm having commenced at 5.30pm

CHAIRMAN