

**Audit Committee**  
**20 JULY 2021**

Present: Councillors: Stuart Ritchie (Chairman), John Blackall (Vice-Chairman), Martin Boffey, Ruth Fletcher, Jack Saheid and James Wright

Apologies: Councillors: Gordon Lindsay

AAG/4 **MINUTES**

It was noted that the names of ex-Audit Committee Members were present in the minutes of the meeting on 26 May 2021. Following an amendment to correct the Membership of the Committee in these minutes both the minutes of the meetings held on 14 April 2021 and 26 May 2021 were approved as accurate records and signed by the Chairman.

AAG/5 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/6 **ANNOUNCEMENTS**

The Chairman announced that the order of items on the agenda would be re-arranged to take the Risk Based Verification item first.

AAG/7 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Director of Corporate Resources 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:

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

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.

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

CRR05 - Officers are either unaware of expected controls or do not comply with control procedures.

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.

Departmental risk registers had been reviewed and updated.

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

AAG/8 **INTERNAL AUDIT REVIEWS OF REVENUES AND BENEFITS 2020/21**

The Director of Corporate Resources reported the outcome of the internal audit reports of Revenues and Benefits completed by Milton Keynes' internal audit as part of the agreement in which some Northamptonshire-based Council's provide Horsham District Council's Revenues and Benefits service.

All three audits, completed in the fourth quarter of 2020/21, achieved good assurance for the control environment. The Benefits audit showed substantial assurance for compliance and the two Revenues audits good assurance for compliance.

AAG/9 **INTERNAL AUDIT - ANNUAL REPORT AND OPINION 2020/21**

The 2020/21 internal audit plan was approved by this committee in April 2020. All reviews had been completed, except for one.

The Chief Internal Auditor provided an annual audit opinion of "reasonable assurance" that Horsham District Council had in place an adequate and effective framework of governance, risk management and internal control for the period: 1 April 2020 to 31 March 2021.

Where internal audit had identified areas where controls could be improved, appropriate remedial action had been agreed with management.

The Chief Internal Auditor went on to provide a summary of key audit findings for quarter 4 2020/21.

AAG/10 **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 includes an action plan to help improve the effectiveness of the Council's governance arrangements and control environment.

#### RESOLVED

That the Annual Governance Statement for 2020/21 be approved.

#### AAG/11 **TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS 2020/21**

The Group Accountant (Technical) reported that, at 31 March 2021, the Council had no external debt and investments totalled £59.0m including call accounts and Money Market Funds.

During 2020/21, the Council's cash balances were invested in accordance with the Council's treasury management strategy apart from two instances. There was a breach of an investment limit with another Local Authority which was reported in the mid-year report, and one indicator where the actual indicator for interest risk was higher than the estimate, a consequence of large amounts of Covid-19 grants being held by the Council at year-end.

Interest of £0.858m was earned on investments, an average return of 1.5%. This was £0.075m under the budget of £0.933m.

After taking into account a provision for losses, investment property income was £3.6m, which was £0.2m below the £3.8m budget.

The pandemic had a significant effect on investment income throughout the year and this was expected to continue in 2021/22 dependent on the strength of the economic recovery.

#### AAG/12 **SUBSIDIARY HOUSING COMPANY ACCOUNTS**

The Director of Horsham District Homes Ltd and Horsham District Homes (Holdings) Ltd presented the draft audited annual report and financial statements for both companies.

Consolidated group accounts for 2020/2021 were not required to be prepared as the value of the transactions in the companies' accounts were considered immaterial.

The accounts for both companies had been audited by an independent auditor and would be approved and signed at the companies' board meeting in July 2021.

**To consider a report containing exempt of confidential information**

RESOLVED

That, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it involved the likely disclosure of exempt information, as defined in Part I of Schedule 12A of the Local Government Act 1972, by virtue of paragraph 7 regarding information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

AAG/13 **RISK BASED VERIFICATION POLICY**

The Revenues & Benefits Operations Manager presented a review on the effectiveness of the current Risk based Verification product.

RESOLVED

That the Committee approve the removal of the Risk Based Verification Software.

AAG/14 **URGENT BUSINESS**

There was no urgent business.

*The meeting closed at 7.20 pm having commenced at 5.45 pm*

**CHAIRMAN**