

**Audit Committee**  
**21 SEPTEMBER 2021**

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

AAG/15 **MINUTES**

The minutes of the meeting held on 20 July 2021 were approved as an accurate record and signed by the Chairman.

AAG/16 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/17 **ANNOUNCEMENTS**

The Chairman announced that the order of items on the agenda would be rearranged to take items 6 and 7 first.

AAG/18 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor provided Members with an update on all internal audit and counter-fraud activity completed during quarter 1 2021/22, including a summary of key findings.

Three formal audits had been finalised during the quarter and all three received an opinion of 'partial assurance'.

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

AAG/19 **STATEMENT OF AUDITED ACCOUNTS AND LETTER OF REPRESENTATION**

The External Auditors reported that due to a national issue regarding the new ISA540 accounting standard where work remains ongoing to gain sufficient assurance over the actuarial model, they were not able to complete their work on the financial statements.

Once this work has been completed, they would be able to issue an opinion and the letter of representation could be completed.

RESOLVED

- i) That approval of the Audited Statement of Accounts be delegated to the Chairman of the Audit Committee, in consultation with the Director of Corporate Resources once the relevant work has been completed.
- ii) That approval of the Letter of Representation be delegated to the Chairman of the Audit Committee, in consultation with the Director of Corporate Resources and be signed once the relevant work has been completed.

AAG/20 **AUDIT RESULTS REPORT**

The External Auditors reported that due to a national issue regarding the new ISA540 accounting standard where work remains ongoing to gain sufficient assurance over the actuarial model, they were not able to provide an opinion of assurance.

AAG/21 **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/22 **CYBER INSURANCE REVIEW AND CYBER SECURITY AWARENESS AND DEFENCES**

The Head of Customer and Digital Services reported that after undertaking a review of the cyber insurance market, taking out cyber insurance would be costly and likely result in duplication of cover on various items. The Council should instead invest in improving cyber awareness and defences by way of training Officers and Members.

This training would potentially reduce premiums if cyber insurance was purchased later.

In order to discuss information contained within a background report Members agreed to enter into exempt session.

**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.

Members concluded that the officer's recommendations as printed in the report would be the best course of action.

**RESOLVED**

- i) That cyber defences and awareness be increased using the existing Technology Services budget.
- ii) To revisit whether cyber insurance be taken out as part of the annual budget cycle.

AAG/23 **URGENT BUSINESS**

There was no urgent business.

*The meeting closed at 6.16 pm having commenced at 5.30 pm*

**CHAIRMAN**