



Councillor Karl Arthur – Chair of Audit and Governance Committee

Update to Council on 22nd July 2021

The Committee has met once since the last update provided to the Council on 13 April 2021. The meeting took place on Wednesday 21 April 2021.

Audit and Governance Committee Meeting – 21 April 2021

This committee meeting was very busy with 14 agenda items on it. As usual, I would like to thank officers and members for their support and input during the course of the meeting.

Amongst the most important items discussed at the meeting members received the Investigatory Powers Commissioner Report from the Solicitor to the Council. It was noted by members that the last inspection had taken place in October 2018 and that they took place every three years, and that the inspection had taken the form of a detailed discussion over Teams.

During the discussions on this item members raised concerns around fly tipping in the district and the councils approach in tackling it, and in particular the use of “overt” CCTV cameras which had signs in place warning that CCTV was being recorded. Members felt that this was particularly prevalent with the fly tipping of tyres and that this was coming in from outside the district and that it was counter-productive to display CCTV warning signs as the culprits would simply move to another location. The solicitor to the council noted the committees concerns and comments and assured members the matter would be discussed further with the Council Enforcement Officers.

Members received the External Audit Strategy Memorandum, which outlined the external audit plan for the council and the External Audit Progress Report which sets out the progress of external audit work to date from the External Auditor. Members heard that the National Audit Office (NAO) had updated their Code of Practice from 2020-21 and that as part of the new code the reporting requirements on the councils arrangements to deliver value for money in their use of resources had changed. Therefore, the External Audit would no longer include a value for money conclusion as part of the Financial Statements Audit Report and that this would now be reported in a new Auditors Annual Report which replaced the Annual Audit Letter.

In response to a query regarding the impact of Covid-19 on the council, it was confirmed that in terms of expenditure and grant related income received in the emergency response to the pandemic in 2020-21, that this would be covered as part

of the normal audit procedures. It was not considered, at present, to be a significant audit risk to the council.

Members received the Internal Audit, Counter Fraud and Information Governance Progress Report and noted that nine 2020-21 audits were still in progress and were expected to be completed by the end of April 2021, with priority given to the main financial system audits to minimise the impact on officers who had additional demands due to the ongoing Covid-19 pandemic. The committee also heard that the counter fraud team of Veritau had supported the council with pre, and post payment Covid-19 grant assurance work. Members were informed that over 1,500 grants applications had been received and that all grants paid out had been paid in line with the government issued criteria, to legitimate companies and that no issues had been identified.

In response to a query regarding the progress of the payment card industry data security standard (PCI DSS) audit, it was confirmed that some delays had occurred due to Covid-19, however the system was now expected to be implemented in July 2021.

The committee asked a number of questions in relation to the reduction in the target figures for counter fraud investigations completed in 2019-20 and 2020-21, whether this was related to Covid-19 and if there was sufficient capacity to complete the work still required. It was confirmed that in 2020-21 time had been taken on the verification of the Covid-19 grant applications which did not result in criminal investigation outcomes and therefore this had affected the overall figures. It was further confirmed that the resources were there, as Veritau had a large team of auditors.

Members also received an overview of the Internal Audit, Counter Fraud and Information Governance Work Programmes for 2021-22 and in response to a query regarding the potential impact on the regulatory aspect of Brexit on the council, it was confirmed that there had been no direct impact to date, but a watching brief would be kept on the issue and that a flexible work programme would allow for more focused resources if and when required. It was also highlighted that there was to be a review of the legislation as a result of Brexit, and that changes were expected in the areas of procurement regime and procurement procedure rules, but members were assured that the committee would be kept informed of any such changes, and how they would affect the councils audit procedures.

The Chief Finance Officer presented a report on the Redmond Review Update, which provided an update on the review into oversight of local audit, and transparency of local authority reporting, led by Sir Tony Redmond. Members heard that the review has been considered by the government and a response to the recommendations had been published, with a number still requiring further consideration. The Chief Finance Officer explained that whilst the accounts publication deadline had been extended to 30th September for a period of two years under the recommendations, the council's intention was to continue to produce the draft Statement of Accounts in line with the earlier timetable of 31st May. This would

enable resources to be diverted towards in year financial management and forward planning.

Members also commented on the recommendation that consideration be given to the appointment of at least one independent member, who was suitably qualified, to sit on the Audit and Governance Committee, as it was felt that this worked well on the North Yorkshire County Council Audit Committee and would be advantageous to the Committee as a whole.

The Chief Finance Officer confirmed that additional guidance from the government was being awaited, and once received that the recommendations of the Redmond Review would be implemented as required.

Finally, the committee received and approved the Audit and Governance Committee Annual Report for 2020-21.

Next Meeting of the Committee:

The next meeting of the Audit and Governance Committee will be taking place on Tuesday 27 July 2021.

I commend my statement to the council.

Councillor Karl Arthur

Chair, Audit and Governance Committee