

## MINUTES

### AUDIT

11 NOVEMBER 2020

**Present:**

**Members:**

**Councillors:** Birnie  
Herbert Chapman  
(Chairman)  
Elliot  
Mahmood  
Silwal  
Symington  
Townsend

**Officers:** James Deane Corporate Director - Finance and  
Operations  
Fiona Jump Group Manager - Financial Services

**Also Attendance:**

The meeting began at 6.30 pm

**21 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Nigel Howcutt

**22 DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

**23 MINUTES AND ACTIONS**

The Minutes of the previous meeting held on were review and agreed

**24 PUBLIC PARTICIPATION**

There was no public Participation.

**25 EXTERNAL AUDIT PROGRESS REPORT**

Presented by Amber Banister

## Progress Update

The 19/20 accounts Audit is now complete and the opinion is with the team.

The focus is now on the remaining work for 19 / 20, this includes the Housing Benefit certification, the work is due to start around 30 November and the deadline for completion is 31 January 2021.

The Pooling Housing Capital Receipt return is also still to be completed, the deadline for completion is 29 January 2021. The start date is still to be agreed.

The sector updates are included in the attached reports, however Amber would like to draw the committee's attention to the NAO new code of practice, and this creates a change in the value for money work carried out by GT from 2021 onwards. The consolidation has now been completed and the NAO guidance note was recently issued.

Going forward there will be changes to the way GT work, a few of the key changes are:

- There will be a detailed commentary rather than just an opinion on the AFR, this will be more beneficial to the Council in terms of decision making,
- The findings will no longer be in the AFR, they will be in a separate annual auditors report.
- Recommendations will be more meaningful and will include the nature and the evidence around them, the impact of any weakness and what action they believe should be taken.

All of these changes have implications, time wise, it will take longer and due to the detail involved will require a more experienced team (managers and above).

In terms of fees, because of the time and resourcing it requires GT are currently working through the impact of this, as it is a change of requirement and isn't covered by the currently scale fee in place, GT are currently in discussions with PSAA, as this is a change across the sector they have suggested ways are looked at to be able to provide some funding.

Cllr Townsend would like to know if the audit fee will be changing going forward or if this affects the current fee, A.B confirmed the fee would remain the same for the current period but there are discussions about the change in fee going forward.

Cllr Birnie would like to know if it is possible to have a breakdown of the acronyms used in the reports. A.B confirmed she will aim to do this in future.

Cllr Symington would like more information regarding the improvement of property, plant equipment and pensions which is mentioned on page 5. A.B confirms this goes

hand in hand with the fee variation letter which would have been received earlier in the year, this is in response to financial reporting council who are the regulator, requesting more in-depth work on PPE and Pensions. This also applies to Simplification of Accounts as mentioned on page 18.

Councillor Symington notes the comment regarding the 1.9 Billion funding gap across the local authority sector mentioned on page 8, she would like to know as a council are we prepared for that. James Deane confirms yes we are prepared for it, and we continue to move forward as a Council in terms of our underlying sustainability. This links into how we plan to deal with the aftermath of COVID and how we plan to move forward once the immediate threat has gone and most of the financial implications have subsided. It is expected that the immediate impacts will start to tail out over the next 2 - 3 years. As a Council we are recommending that we deal with these pressures from the reserves, this will be reviewed after 12 months.

Councillor Symington, there are two recommendations which could be implemented immediately, one is to appoint one independent member to the Audit Committee and the other is to formalise the facility for the CEO, Monitoring officer and CFO to meet the key audit partner at least annually, the third thing is to present the annual accounts to full Council by and external auditor. She would like to ask the Chair if these things can be carried forward or at least recommended by the Audit committee, Councillor Symington would like it noted that she is in support of these recommendation especially for an appointment for an independent Committee Member. JD confirms he is in regular contact with the audit partner already.

Councillor Townsend supports what Councillor Symington has said, He requests a short report regarding the appointment to the Audit Committee and what implications that might have before the matter is brought back to the Audit Committee for further discussion.

Councillor Birnie would like clarification regarding the term "external", AB confirms this would be someone external to the councillor and to the political parties who hold the relevant qualifications to bring extra knowledge to the Audit Committee.

Councillor Birnie feels this requires further discussion, he believes in order to do this it would involve a constitutional change and therefore the Audit committee would only be able to recommend as they are not capable of taking the decision alone, this would need to be a full council decision. JD confirms this is correct but is happy to provide a report to show the impact this would have.

Councillor Symington would like it noted that she is wholly in favour of the Redmond report, she welcomes its recommendations, JD is also wholly supportive of the Redmond review.

Cllr Birnie believes the Devolution report is best dealt with by other committees and enquires if the addition of an external committee member is common place in other councils. JD will provide a report to clarify all these details.

## **26                    INTERNAL AUDIT 2020/21 PROGRESS REPORT**

Presented by Philip Lazenby

He would like to assure the committee that currently there are no staff on furlough and the business is running fully therefore there should be no issues completed the work according to the current deadlines.

There have been 4 reports provided

- Budgetary control
- Council Tax
- NNDR
- Housing Benefit

All four of these have substantial assurance with just 2 recommendations, both of which are in relation to NNDR. This represents an excellent outturn in respect of the controls.

The root cause indicator section shows where the areas of perceived weakness are in relation to the Council over a prolonged period of time. He will talk about this in greater detail at the next Committee meeting.

The executive summaries section gives an overview of each of the reports.

There were 2 recommendations in relations to NNDR, the recommendations are as follows:

- The reliefs exemptions – comprehensive risk assessment required
- Declarations of friends and family who live in the area need to be reviewed on an ongoing basis.

These have been agreed by managements with very reasonable time frames for completion.

All other reports were substantive with no recommendations.

The progress against the annual plan has been affected by COVID, there are a number of reports left to complete, however 4 reports are substantially underway and due to be completed shortly. In addition 3 others are due to commence imminently.

Cllr Townsend would like to know what the handover procedure was from the previous Internal Audit company. PL explains there were a series of meetings with Mazzars and copies of all the reports and recommendations issues last year were received. All recommendations have been followed up.

Councillor Chapman notes that the last update was received in 2014, he would like to know if this is normal as it seems a very long period of time. PL explains that this was when the document was last amended and this was ascertained during the course of the review, the last update was actually provided 30 August 2020.

Cllr Birnie explains that he did raise the issue of the 2014 amended date with the previous auditors as he considers this to be very important, DBCs policy for some time now has been to move all services online where possible, so he feels it is

absolutely essential that the ICT department is of the highest standard and complying to all auditors recommendations, he would make this a priority. PL confirms they have a business continuity review scheduled which should provide some assurances.

Councillor Townsend and Councillor Chapman have no concerns around ICT at this time and feel all explanations will be covered in due course.

James Deane confirms that Ben Trueman has been in front of the committee and provided a detailed overview, the recommendations surrounding ICT are priority 2 and not fundamental to the running of this department, it is however still important and will be corrected.

Councillor SO Mahmood would like to know if recommendation 1 under NNDR is related to COVID. PL explains this was brought up as a matter of routine and was not in direct relation to COVID.

Councillor Symington would like to know what the risk is associated with the declaration forms. Chris Baker explains that from those declarations people's access can be blocked from certain accounts. Bearing in mind these people have been recruited and are trusted, all necessary training is provided and accounts are monitored. This is simply an additional level of control by having people complete these forms and getting them refreshed regularly.

Councillor Silwal requests a copy of the Audit Guide for financial reporting and management during COVID 19. PL will provide the guide to the Committee members.

Councillor Townsend would like an example of where a particular policy has been in place and how that is tested. PL will provide this information outside the meeting to all committee members

## **27**                    **FUTURE WORK PROGRAMME**

The work programme was reviewed and agreed.

The Meeting ended at 8.30 pm