

GOVERNANCE & AUDIT COMMITTEE
27 JANUARY 2021
7.30 - 8.22 PM



Present:

Councillors Allen (Chairman), Wade (Vice-Chairman), Gbadebo, Mrs Hayes MBE, Heydon, Leake, Neil and Tullett

David St John Jones, Independent Member

14. Declarations of Interest

There were no declarations of interest.

15. Minutes of previous meeting

RESOLVED that, the minutes of the meeting of the committee held on the 16 September 2020 be approved as a correct record, and signed by the Chairman.

16. Risk Management Strategy

The Committee received a report, which presented the updated Risk Management Strategy.

Sally Hendricks, Head of Audit and Risk Management, reported that The Risk Management Strategy was renewed every three years and was last approved by the Governance and Audit Committee in June 2017. Feedback had been sought on the updated Strategy from the Strategic Risk Management Group and the Corporate Management Team. The Strategy has been reviewed to reflect the latest Council Plan.

The key points highlighted were that a worked example of the risk rating methodology had been included in the strategy and the new priorities identified for the Council over the next three years had also been included and were set out on page 7 and 20 of the agenda.

Arising for the Committees comments and questions, the following points were made:

- It was commented that there was nothing in the Risk Management framework regarding feedback. Sally Hendricks commented that this would be taken away and looked at.
- It was suggested that the definitions of high and very high and critical and major be included in the document. These definitions were included in the Risk Management tool kit with clear guidance.
- The directorate risk registers included the definitions from the risk management tool kit appended to the document for guidance.
- Sally Hendricks would ensure that there was reference to the risk management tool kit in the strategy.

RESOLVED that The Committee review and agree the updated Risk Management Strategy.

17. **Internal Audit Update**

The Committee received a report update them on progress on the annual Internal Audit Plan from April – December 2020.

Sally Hendricks, Head of Audit and Risk Management, reported that, progress against the 2020/21 Internal Audit Plan was set out in Appendix 1 and as expected was behind original schedule due to the Covid-19 pandemic which had caused some delays. The current Covid-19 position had also resulted in deferral of a number of audits planned for quarter 4 into 2021/22.

The report also covered that previous areas of concerns, officer expenses and purchasing cards, had been revisited and it was found the controls were now effective. Hannah Beckett had undertaken a great deal of work in regard to the purchasing cards to help ensure compliance with the purchasing card controls including a large scale training program.

There were only three areas with major recommendations which were shown in the table at section 3.5 of the report.

A business plan to pilot additional funding counter fraud had been agreed in May 2020 with the assistance of external counter fraud teams. Covid-19 had presented difficulties for fraud investigation due to restrictions placed on social distancing which prevented face to face contact therefore the pilot hadn't been progressed as quickly as intended. However, some initial steps in the pilot were now being taken. Work on the social housing waiting list was due to start in February 2021.

Arising from the Committees comments and questions, the following points were made:

- Councillors were grateful for the work undertaken throughout the pandemic.
- A recruitment process was undertaken for a senior auditor which had been unsuccessful. However, a very good temporary senior audit had already been taken on and would be with the council till June 2021. The post would be readvertised in due course.
- The delay in delivering the audits was not due to capacity within the audit team, but was with the individual services being unable to devote their time to the audit process due to the pandemic and were under a lot of pressure to deliver services. For example, in the People directorate there were areas where the current workload was a higher priority than the audit work.
- The resource in place was sufficient to carry out the work at present.
- Remotely auditing schools was not something that had been undertaken before and was presenting some difficulties. One school had offered to help be a pilot school and help test out the remote auditing.
- In regard to a longer-term plan, the audits would roll into next year's plan, and agreement would be sought with SMTs and DMTs regarding when these could be undertaken.
- It wasn't believed that there would be a large number of missing audits due to the pandemic.

- There were annual audits that were undertaken annually. There were some being pushed back, but these would only be pushed back until April and the department were aware that they needed to be undertaken by a specific date.
- It wasn't expected that departments would use Covid as an excuse to push back or move an audit. Areas that had been heavily affected by Covid had been very helpful and open in regard to the audit process.
- It was important there was a good balance between undertaking the audits and services being able to continue their covid response.
- The Independent Member was pleased about the purchasing card process and was grateful for the hard work undertaken.
- Deprivation of Liberties were the controls in place for when people were in care for a long period of time and ensure checks were in place, to ensure their interests were being safeguarded.
- New measures and process had had to be implemented very quickly to deal with the pandemic response. It was thought that the control was still there, but it was being met in a different way.
- In the future it was expected that more staff would be working from home rather than in the office which may create more challenges.

The Committee noted the update on progress on the Internal Audit Plan for 2020/21.

18. **Treasury Management Report 2021/22 and 2020/21 Mid Year Review**

The Committee received the Treasury Management Report 2021/22 and 2020/21 Mid Year Review.

Calvin Orr, Head of Finance and Business Services presented the report and explained that the Mid-Year Review covered an economic update, a review of the Treasury Management Strategy Statement and Annual Investment Strategy, a review of the investment and debt portfolio, and a review of compliance. The documents were bound by statute and there were a number of indicators which were included within the report.

Highlights from the year, which had been a strange year for treasury, investments and debt, included that the Council had remained within all indicators, and was in a better position cash wise than it had been previously. The Council was also finishing the year with less debt, which wasn't projected. Interest rates were incredibly low, which was a good thing if borrowing, but a bad thing if investing any surplus cash.

Covid relief grants had been received from the Government to offset pandemic costs, which were often received upfront. This had helped the council in regard to the cash flow position.

The only change to the investment strategy this year was that Council would be asked to approve an increase limit on money market funds.

Arising from the Committees comments and questions, the following points were made:

- The Committee commended the detail within the report.
- All federated funds offered a 2+1 day cash account. This was still tripe A rated – so no extra risk. They required one day notice for transactions. Federated was one of the largest funds in the world and was offering one of the largest yields which changed daily.

- In each money market fund the limit was £7million, it was being requested that this be increased to £10million.

RESOLVED that

- i. the Committee consider and review the Mid-Year Review Report.
- ii. the Committee agree that the Mid-Year Review Report be circulated to all Members of the Council.
- iii. the Committee review the Treasury Management Report for 2021/22 prior to its approval by Council.

CHAIRMAN