
AUDIT COMMITTEE

Monday, 19th July, 2021

Present: Councillor Chris Knight (in the Chair), Councillors Kate Walsh, Michael Miller, Tim O'Kane and Dominik Allen

Apologies Councillor Caroline Montague

72 Apologies for Absence, Declarations of Interest, Dispensations and Substitutions

Apologies were submitted on behalf of Councillor Caroline Montague.

There were no Declarations of Interest, Dispensations or Substitutions.

73 Minutes of the Last Meeting

The minutes of the last meeting of the Audit Committee held on the 8th March 2021 were submitted for approval as a correct record.

Resolved – That the minutes be received and approved as a correct record.

74 Risk Management Monitoring Report

Stuart Sambrook, Policy Manager introduced the report to inform Audit Committee of the outcome of the review of the Strategic, Generic and Operational Risk Registers.

There has been one major change to the Strategic Risk Register as below:

Area	Change	Risk Rating With Controls
NEW RISK		
Customers / Citizens (Page 4)	Risk Failure to have due regard to the need to prevent people from being drawn into terrorism as laid out in the Statutory Prevent Duty. Risk Owner Chief Executive	Medium

Training to be offered to Staff and Councillors, this is encouraged from the Prevent Team at Blackburn with Darwen Borough Council.

There has been no changes to the Generic Risk Register.

There has been one major change to the Operational Risk Register as below:

Area	Change	Risk Rating With Controls
CHANGE OF RISK RATING		
Legal (Page 5)	<u>Risk</u> Failure to complete food programme in 2021/22 due to Covid-19 <u>Risk Owner</u> Executive Director (Environment)	Original Rating Medium Revised Rating Low

The Authority have been given 3 years to get this programme back on track and the team are very keen to achieve this after been deployed to Covid resources for the past 12 months.

Chair commented that he understood Covid had hit teams/resources however there is still a risk within food outlets and checks are very necessary.

There has been nine minor changes to the Operational Risk Register which details are in Appendix 2 of the report but summarised below:

- Failure to initiate prompt recovery action
- Errors in Cashiering i.e posting monies to the wrong account
- Risk of injury to the public due to the headstones and other memorials in the Borough's cemeteries being in an unsafe condition
- Pollution of canal or local environment resulting in suspension of waste transfer at CVMU/Willows Lane
- Failure to complete food programme in 2021/22 due to Covid 19
- Failure to initiate recovery action
- Failure to meet necessary legal requirements leading to claims being made

The Policy manager will be reporting on future ways of working and climate change on the next report.

**Resolved – (1) That the report be noted by the Audit Committee.
 (2) The Policy manager to update back to Committee on the Food Programme risk register.**

75 Annual Internal Audit Report & Opinion

Mark Beard, Head of Audit & Investigations presented the report to inform and update Audit Committee on the Annual Internal Audit Report and Audit Opinion for 2020/21 and to give details on the performance of the Internal Audit Team and final outturn position for 2020/21.

The key issues arising from the report were:

- The Head of Audit & Investigations is able to issue a positive opinion on the systems of Internal Control based on the work carried out in 2020/21 as detailed below. The opinion score noticeably improved from 1.85 in 2019/20 to 1.36 in 2020/21. The number of recommendations fell sharply from 56 in 2019/20 to 8 in 2020/21.

- Internal Audit did not identify any issues in 2020/21 during the course of their audit work that would have a material effect on the Council's Financial Statements.
- Internal Audit achieved audit plan coverage of 96.32% in 2020/21. This was 1.68% below the annual target of 98%. A contributory factor in this was time lost through both special and compassionate leave being taken within the year.
- Production and publication of this report is a requirement of the Public Sector Internal Audit Standards. This report satisfies the requirements for those charged with governance and forms a supplementary piece of evidence to the Annual Governance Statement.

The Audit opinion for 2020/21 is Substantial assurance, which also detailed the unexpected risks created by Covid 19 such as Business support grants, homeworking and system controls.

The Council buildings are still closed to the public for the unforeseeable.

Cllr Kate Walsh discussed the public not being able to access the Council services in person it then increases the risk of the phone lines being busier and complaints are received that they cant get through or on hold for a long time.

The Head of Audit & Investigations responded that there had been issues with the new telephony system that was implemented in November 2020. It has affected the switchboard and created long waiting times, its still being worked on whilst a temporary fix has been put in place.

Resolved – That the report be noted by the Audit Committee.

76 Audit Plan Progress Report

Mark Beard, Head of Audit & Investigations presented the report to inform Audit Committee of the Audit reports issued during the period February 2021 – June 2021 and the key issues.

There was a target of 98% of the audit plan to be completed by the end of 2020/21 financial year in terms of audit days completed. The position at the end of March 2021 was 96.32%.

A summary of the main issues arising from audits carried out detailed in appendix 1 were as follows:

Facilities – Substantial assurance

Housing Benefits & Council Tax Support – Comprehensive assurance

Energy Conservation & Climate Change – Comprehensive assurance
ICT Assets – Substantial assurance
Central Vehicle Maintenance Unit – Comprehensive assurance
Fleet Management – Substantial assurance

The group had a discussion on the What Three Words app which can be used for staff who work in remote or rural locations to give an added increase level of protection following the audit on Fleet Management. This is being discussed but not yet implemented.

Resolved – That the report be noted by the Audit Committee.

77 Follow-Ups Update

Mark Beard, Head of Audit & Investigation presented the report to inform Audit Committee of the outcome of routine follow ups following previously agreed action plans for completed Audit reports. The follows up detailed are those carried out during the period February 2021 – June 2021.

The Committee went through the follows ups carried out detailed in Appendix 1.

- Bank Reconciliation – there was an error on the year so should read ‘the procedure notes for the Payments and Receipts bank reconciliation have been updated and will be refreshed during the Summer of 2020 to reflect the Civica Bank Reconciliation module introduction.
- Central Vehicle Maintenance Unit
- Email & Leavers Processes

Resolved – That the report be noted by the Audit Committee.

78 Quality Assurance & Improvement Programme

Mark Beard, Head of Audit & Investigations presented the report to inform Members of the Audit Committee the current position on the Quality Assurance and Improvement Programme (QAIP) which sets out how we manage any Public Sector Internal Audit Standards (PSIAS) that are not compliant, ensuring conformance with the PSIAS overall.

The standards are subject to a self - assessment which is carried out annually by the Head of Audit & Investigations and there is also an external assessment carried out as a minimum once every 5 years.

The Committee discussed the findings in Appendix 1.

The next external review will be held in 2022, Chair requested participation to be widened to Committee Members not just himself.

Resolved – That the report be noted by the Audit Committee.

79 Statement of Accounts 2019/2020

David Donlan, Head of Accountancy presented the report to inform the Committee on the production of the Annual Accounts and their External Audit and deal with issues arising from this work.

The draft accounts were completed and published online in November 2020. Grant Thornton (External Auditors) have now undertaken their on-site audit of the accounts and work is close to completion.

The highlights are covered in the narrative at the front of item 10 within the papers. It was reported that the Council's overall position is relatively healthy and in a good position.

Once confirmation has been received from Grant Thornton that the audit is complete, a 'Notice of Conclusion of Audit' will be published.

Resolved – That the Committee approved and signed the Council's Statement of Accounts for 2019/20.

80 Letter of Representation (Item 8)

David Donlan, Head of Accountancy presented the letter of representation for the Committee to consider and approve.

The letter is to Grant Thornton (External Auditors) in connection with the audit of the financial statements of Hyndburn Borough Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly.

There was an audit adjustment attached to the letter which had not been included within the final set of financial statements, it referred to Non-ringfenced grant income is overstated in the CIES and disclosure notes, due to a compilation error.

Resolved – That the Committee approved and signed the letter of representation.

81 The Audit Findings for Hyndburn Borough Council - Year ended 31st March 2020 (Item 8)

Andrew Smith, Grant Thornton discussed the Audit Findings report to the Committee.

Andrew summarised the key headlines and the significant findings of the report. There is one recommendation for the Council identified in the action plan classed as a medium risk and several audit adjustments covered in appendix C.

Overall, External Audit are happy with the findings in the report.

Resolved – That the report be noted by the Audit Committee.

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed