

AUDIT COMMITTEE

MINUTES OF MEETING HELD ON MONDAY, 3 JULY 2023

Present:

Councillor Christine Smith (Chair) (in the Chair)
Councillor David Cheetham (Vice-Chair)

Councillor Gerry Morley
Councillor Martin E Thacker MBE JP

Councillor Alex Dale

Also Present:

L Hickin	Managing Director - Head of Paid Service
J Dethick	Director of Finance and Resources & (Section 151 Officer)
A Bond	Governance Officer
T Scott	Governance and Scrutiny Officer
S Kitching	Consultancy Director - Arlingclose
P Roberts	Client Director - Arlingclose
N Magwaza	Audit Manager - Mazars
J Collins	Engagement Lead - Mazars

AUD/ Apologies for Absence

1/23-

24 No apologies for absence were received.

AUD/ Declarations of Interest

2/23-

24 Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interest, in any item on the agenda and withdraw from the meeting at the appropriate time.

Councillor Alex Dale advised the Committee of an interest as Director of Northwood Group if the Group was considered as part of the agenda.

AUD/ Minutes of Last Meeting

3/23-

24 RESOLVED – That the Minutes of the defunct Audit and Corporate Governance Scrutiny Committee held on 15 February 2023 be noted.

AUD/ Treasury Management Presentation - Arlingclose

4/23-

24 Members received a presentation by the Council's Treasury Management advisors Arlingclose.

The presentation included advice on:

- Treasury Management
- Member Responsibilities

- Economic Outlook
- Investments
- Borrowing

Members requested that the presentation be circulated to the members of the Committee.

Members were concerned that the presentation quoted the Council as being in the bottom quartile for Net Income, although it was in the mid quartile for Net Revenue. Committee asked to consider progress towards improving this. The Director of Finance and Resources agreed to bring further updates in respect of this to the Committee.

RESOLVED – That the presentation be noted.

AUD/ 5/23-24 **Audit Committee Introductory Session**

The Director of Finance and Resources gave a presentation to Members on how the newly formed Audit Committee would be expected to operate and function. This included:

- The Purpose & Role of the Audit Committee
- Independence and Accountability
- Membership and Effectiveness
- The Work Programme
- The Role of Internal Audit
- Audit Process
- Governance of Internal Audit

Members referred to the inclusion of training in the presentation, and asked how this would operate. Members were informed that sessions would occur at Committee meetings. Members could also request bespoke training if they required it.

Members also discussed recruitment and staffing issues within the Internal Audit Team and the measures taken to address these. They asked if the Internal Audit team were having any recruitment issues, since this was a point of concern at many other Internal Audit teams. Members were informed that Internal Audit had an officer on long-term sick absence, but the team were building a response to it.

RESOLVED – That the presentation be noted.

AUD/ 6/23-24 **Risk Management Update**

The Managing Director presented a report setting out the current position regarding Risk Management arrangements and the Strategic Risk Register as at June 2023.

The report included details on the Risk Management Group and the discussions at the Group's previous meeting on 11 May 2023

Members felt there had been an increase in Local Government fraud and asked

regarding the actions taken by the Council. The Managing Director responded that a report specifically about fraud would be produced for the Committee. The Director of Finance and Resources added that the Committee had in its draft Work Programme to consider the Fraud and Corruption strategy bi-annually, and something would be added to these updates about fraud training.

Members felt that because of the importance of Safeguarding, a separate report on the subject should be produced for the Committee to update Members on actions taken by the Council in consultation with its partners. The Managing Director responded that a separate report on Safeguarding would be produced for the Committee.

Members discussed the Strategic Risk register reference STR7 (“Ineffective engagement with local communities and stakeholders including Parish Councils and other local partners”) and believed something should be in the Plan about the risks related to Parish/Town Councils that might impact on the District Council.

Members discussed the Strategic Risk register reference STR13 (“Cyber security attack which severely impacts ICT systems and data”) and believed training should be offered about identifying phishing e-mails. The Managing Director responded that this training would be discussed with ICT officers.

Members enquired if the previous aim to update all internal systems with Microsoft 365 had been achieved. The Director of Finance and Resources explained that all Council officers were now using Microsoft 365.

Members referred to the part of the report which explained the insurance claims received (“5 claims are for reversing incidents which are becoming more frequent”). The Managing Director informed Members that the incidents were not within Council depots, but increased safety at depots was being considered by officers.

Members referred to the section of the report about Hikvision CCTV and enquired if the position in the report had been reviewed. The Managing Director explained that Members would be provided with an update of the situation at the next Committee meeting.

Members returned to the discussion about Safeguarding and asked if the Council monitored compliance rates. The Managing Director responded that the Council had been reviewing its management dashboard, which included monitoring of compliance rates.

Members agreed that they would like to receive Safeguarding training. The Director of Finance and Resources explained that setting this training up would be discussed with HR.

RESOLVED – That the update report be noted.

AUD/ External Audit Progress Report - Mazars

7/23-

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The Audit Manager and the Engagement Lead from Mazars presented to the Committee an Audit Strategy Memorandum for the year ending 31 March 2023.

The purpose of the document was for Mazars to summarise their audit approach, and to highlight significant audit risks and areas of key judgements.

Members referred to Section 6 of the document (“Fees for audit and other services”) and asked why some charges were marked as N/A in the proposed fee and a charge in the actual fee. The Audit Manager explained that these were ‘scale fees’ so were not an actual additional charge, but fees in general had increased because Mazars now had to undertake more complex tasks.

RESOLVED – That the update be noted.

AUD/ Committee Work Programme 2023/24

**8/23-
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The Director of Finance and Resources presented the draft Work Programme 2023/24 for Member approval.

Members agreed that based on the earlier discussions about Treasury Management and Risk Management, they would like to see both of these issues appear earlier in the Work Programme than their scheduled dates.

Members referred to the future meetings of Audit Committee being provisionally scheduled in the Work Programme for 1pm. Members agreed that all future Audit Committee meetings should take place at 3pm.

RESOLVED –

- (1) That the next scheduled considerations of Risk Management and Treasury Management would be scheduled for an earlier Audit Committee meeting.
- (2) That all future Audit Committee meetings take place at 3pm.
- (3) That with these two amendments, the Committee approved the Audit Committee Work Programme for the 2023/24 municipal year as set out in the attached Appendix 1.

AUD/ Urgent Items

**9/23-
24**

None.

AUD/ Date of Next Meeting

**10/2
3-24**

The next meeting of the Audit Committee was scheduled to take place on 3.00 pm 29 September 2023.