

South Northamptonshire Council

Audit Committee

Minutes of a meeting of the Audit Committee held as a remote meeting on Thursday 28 May 2020 at 5.00 pm.

Present Councillor David Harries BEM (Chairman)
 Councillor Hywel Davies (Vice-Chairman)
 Councillor Anthony S. Bagot-Webb
 Councillor Sandra Barnes MBE
 Councillor Phil Bignell
 Councillor Chris Lofts

Also Present: Mark Watkins – CW Audit Services, Internal Audit
 Maria Grindley – Engagement Partner, Ernst & Young LLP,
 External Audit

Officers: Martin Henry, Executive Director: Finance (Section 151 Officer)
 Geoff Kent, Assistant Director: Customers & Corporate Services
 Rob Ducker, Senior Investigation Officer - Corporate Fraud Team
 Richard Woods, Democratic Services Officer

1 Declarations of Interest

There were no declarations of interest.

2 Minutes

The minutes of the meeting of the Committee held on 12 March 2020 were agreed as a correct record to be signed by the Chairman in due course.

3 Chairman's Announcements

The Chairman welcomed back Maria Grindley, of Ernst & Young LLP, who was returning to South Northamptonshire Council's External Audit Team.

On behalf of the Committee, the Chairman congratulated Martin Henry, Executive Director – Finance on his appointment as the Interim Section 151 Officer for the West Northamptonshire Shadow Unitary Authority, which would be confirmed at the Shadow Full Council meeting on 2 June 2020.

4 Urgent Business

There were no items of Urgent Business.

5 Quarterly Performance, Risk and Finance Monitoring Report - March 2020

The Committee considered a report from the Assistant Director – Customers and Corporate Services and the Strategic Business Partner which summarised the Council’s Performance, Risk and Finance Monitoring position as at the end of the 2019-20 financial year.

In introducing the report, the Assistant Director – Customers and Corporate Services explained that the overall business plan performance measures remained positive, however Leadership Risk L01 “Financial Resilience” had increased from low risk to medium risk due to the ongoing impact of COVID-19 on the Council’s finances.

In response to questions from the Committee regarding the financial pressures on the Council as a result of COVID-19, the Executive Director – Finance advised that an overall financial pressure of approximately £700k was currently forecast, however it was unknown whether central Government would provide any further financial support to Councils during the COVID-19 recovery phase.

Resolved

- (1) That the Quarterly Performance, Risk and Finance Monitoring Report be noted.
- (2) That, having given due consideration, the Leadership Risk Register be noted.

6 Internal Audit Update 2019-20

The Executive Director – Finance submitted a report which detailed the latest CW Audit Service Update for 2019/20.

In presenting the report, CW Audit, the Council’s internal auditor, advised that the final audit reports for Risk Management, Budget Management & Reporting, Finance Systems and Anti-Fraud & Corruption had recently been completed, with the levels of assurance having been graded as ‘significant’ for Risk Management, Finance Systems and Anti-Fraud & Corruption, and ‘full’ for Budget Monitoring & Reporting.

In response to questions from Members regarding ongoing audit reports, the Internal Auditor explained that an audit report was still in progress for Payroll, pending the results of further systems testing. The Internal Auditor advised that further audit reports into Council Tax, Business Rates and Benefits had been carried forward due to business interruption caused by COVID-19.

Resolved

- (1) That the contents of the 2019/20 Internal Audit Progress Report from CW Audit be noted.
- (2) That CW Audit be requested to bring forward an updated Recommendations Tracker to the next meeting of the Committee.

7 External Audit Plan 2020/21

The Executive Director – Finance submitted a report which detailed the External Audit Plan for 2020/21 by Ernst & Young LLP.

The External Auditor provided an overview of the 2020/21 External Audit Plan, which identified a number of potential risks surrounding financial misstatements due to fraud or error. The External Auditor explained that the audit would be undertaken with the necessary degree of professional scepticism to ensure the integrity, impartiality and effectiveness of the External Audit Plan.

In response to questions from Members regarding potential negative impacts of COVID-19 on the valuation of the Council's land and buildings, the External Auditor advised that some valuations may be subjected to ongoing material uncertainty within the property market, particularly in cases where valuations and physical checks on properties had been unable to proceed due to COVID-19 restrictions.

Resolved

(1) That the contents of the 2020/21 External Audit Plan from Ernst & Young LLP be noted.

8 Treasury Management Annual Report 2019/20

The Committee considered a report from the Executive Director – Finance, which presented information on treasury management performance and compliance with treasury management policy during 2019/20 as required by the Treasury Management Code of Practice.

In introducing the report, the Executive Director – Finance explained that the outturn for treasury investment income received in 2019/20 was £306k on an average credit portfolio of £33.4m at an average interest rate of 0.90%, against a budgeted £342k investment income receivable.

In response to questions from the Committee regarding borrowing activity, the Executive Director – Finance advised that as at 31 March 2020, the Council had short-borrowing of £3m for one month and matured on 20 April 2020.

The Executive Director – Finance agreed to circulate the Schedule of Investments held by South Northamptonshire Council as at 31 March 2020 to Members of the Committee.

Resolved

(1) That the Treasury Management Annual Report for 2019/20 be noted.

9 Review of Committee Work Programme

The Executive Director – Finance provided a verbal update on the Committee Work Plan for 2020/21.

Resolved

(1) That, subject to the addition of an item relating to the Sign Off Process for the 2020-21 Accounts to the 17 September 2020 meeting, the Committee Work Plan be noted.

10 **Exclusion of Press and Public**

Resolved

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraphs 7 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11 **Progress of Counter Fraud Service**

The Senior Investigating Officer – Corporate Fraud Team submitted an exempt report which provided Members with an overview of the progress to date of the Council's counter-fraud response following the delegation of authority in July 2018 to Oxford City Council.

Members of the Committee asked detailed questions of the report, which were duly answered by Officers.

Resolved

(1) That the exempt report be noted.

The meeting closed at 6.10 pm

Chairman:

Date: