

**NORTHAMPTON BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**Monday, 24 August 2020**

**PRESENT:** Mr Ian Orrell (Chair); Councillors Marriott and Stone

**1. APOLOGIES**

Apologies were received from Councillors T Eales and Oldham.

**2. MINUTES**

The Minutes of the meeting held on 22 June were agreed and signed by the Chair as a true record.

**3. DEPUTATIONS / PUBLIC ADDRESSES**

There were none.

**4. DECLARATIONS OF INTEREST**

There were none.

**5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED**

There were none.

**6. UPDATE ON PREPARATION OF 2019-20 ACCOUNTS**

At the Chair's invitation, the Chief Finance Officer introduced the report and explained that he hoped to bring the statement of accounts to the meeting, but due to technical problems there had been a delay, and this would be produced by the end of October.

He introduced Corporate Accountant, Jean Stevenson, who would be providing the update for the Committee. The Corporate Accountant explained that due to staff turnover, and issues with ledger balancing, the accounts were not currently able to be reviewed by the Audit Committee. Once these issues have been corrected and final checks had been made, they would be brought to the Committee.

Members discussed the report and expressed their concern that during this transition period to unitary there are vulnerabilities around staffing. It was felt that staff leaving could be managed better with handovers to prevent work being delayed.

The Chair and Chief Finance Officer would meet with LGSS outside of the meeting.

**RESOLVED:**

That the Audit Committee noted the update.

## **7. INTERNAL AUDIT UPDATE (BDO)**

At the Chair's invitation, Greg Rubins presented the BDO update and explained that overall performance was better than last year, as outlined in page 11 of the report. He shared that it was positive to see a great response to audits and the implementation of internal audit recommendations. There were some challenging audits to come with the transition to unitary, and those relating to Covid-19 and remote working.

He passed over to Gurpreet Dulay to explain the follow up of recommendations. Gurpreet explained that pages 29-31 of the report summarised the follow-up of recommendations the internal auditor provided on 6 May 2020. He summarised that 1 high and 8 medium recommendations had been implemented by the Council. Northampton Borough Council was in line with other local authorities as the incomplete recommendations had reference to the Covid-19 pandemic as detailed on page 37.

Gurpreet introduced the internal audit progress report and explained that the asset management and disabled facilities grant audits were complete and the safeguarding audit was now underway. The asset management audit looked at around 850 of the Council's assets, and how these were used and documented, as well as property valuations and if these were maintained. One of the findings was that there was not currently a reconciliation process in place, and this would assure accuracy. In addition, property validations were overdue, but this was due to staffing issues and the pandemic. He reiterated Greg's earlier comments of an overall improvement from last year and explained that there had been amendments to the 2020/21 audit plan as agreed with the Section 151 officer, Chief Executive and Head of Internal Audit.

In terms of the disabled facilities grants audit, Gurpreet explained that these grants were funded through Northamptonshire County Council and administered through Northampton Borough Council. The internal auditors picked samples to check compliance, financial evidence and the tendering process. As a result, it was found that the process could be improved as inspections were not always being completed in a timely manner, and in cases where contractors were called in to complete work the maintenance of quotes and invoices was not always effective.

Members discussed the report and the Chair and Chief Finance Officer thanked BDO for their thorough report.

**RESOLVED:** That the Audit Committee noted the update.

## **8. INTERNAL AUDIT UPDATE (LGSS)**

At the Chair's invitation, Jacinta Fru provided the internal audit update on behalf of LGSS. Jacinta explained that the 2019/20 audit plan had to be curtailed with the increased workload due to projects relating to the transition to the Unitary authority and the Covid-19 pandemic. She explained that two IT audits had been cancelled but assured the committee that these would be picked up by the West Shadow Council in their workstream.

In terms of progress on the outstanding audits, Jacinta summarised that as detailed in the report, the agresso IT review was extremely comprehensive that took a long time to complete. LGSS worked closely with the Chief Finance Officer and the Governance and Risk Manager on this project. The general ledger and treasury management audit, which would usually be completed near year-end, was disrupted by the Covid-19 pandemic. This had now been restarted and fieldwork was currently underway.

Furthermore, the 2020/21 plan outlined work for the next 9 months, however due to the

transition to Unitary it allowed for flexibility, as the auditors were aware of work pressures relating to the West Northants authority. Work on the next audits would be started in September 2020, so that most of the plan could be achieved by vesting day, 1<sup>st</sup> April 2021.

The Chair expressed his concern regarding capacity issues raised and asked if there was any impact on risk given the six audits mentioned in the report as not to be completed in the 2019/20 audit plan. Jacinta clarified that these six reviews would be rolled into next year, but these reviews would look further back than normal to capture the work not completed in 2019.

**RESOLVED:** That:

The Audit Committee are updated on the planned coverage by LGSS Internal Audit in 2020-21 taking account of the impact caused by COVID 19.

## **9. RISK REGISTERS' UPDATE REPORT**

At the Chair's invitation the Governance and Risk Manager presented the three risk registers. The corporate risk register had three rating changes in total, the first being the risk in cost pressures due to covid-19; the second due to the member officer protocol being agreed at Standards Committee and at Full Council; and the increase in rating due to surrounding discussions on LGSS.

The Strategic Command Group (SCG) risk register had been updated due to the current climate with the ongoing pandemic. The final risk register presented was the Brexit risk register, which continued to be updated with risks as they became apparent.

Members discussed the risk registers, and the risk of disenfranchised colleagues and the issue of citizenship. The Governance and Risk Manager reassured Members that they maintained a close working relationship with HR on this matter and did not feel it would affect Northampton Borough Council too much. It was also questioned if there were any grants from the EU, it was clarified that the Borough did not rely on EU grants and were seeking advice from regional business enterprise, such as SEMLEP.

**RESOLVED:** That Audit Committee noted the report.

## **10. CHIEF FINANCE OFFICER'S REPORT**

The Chief Finance Officer presented the report and provided an update to the Audit Committee. He explained that there had been no changes to the accounting policy. There was a recent agreement at Cabinet, to increase the HRA borrowing by £50m, which was agreed, and this would be going forward to Full Council for approval. In light of the Covid-19 pandemic, the revised audit plan was attached to his report. He highlighted the BEIS grants process, and how the finance team worked with BDO, LGSS and the Revenue and Benefits team to effectively test and check the process before issuing grants. Lastly, the Chief Finance Officer provided a budget update for 2020-21 and explained that there was a forecast overspend of £1.434m at present but the Council hoped to receive more grant funding from the government to cover costs as a result of the Covid-19 pandemic.

**RESOLVED:** That the Audit Committee noted:

- The progress towards completing the Statement of Accounts for 2019-20.
- That there have been no changes to Accounting Policies.
- That there have been no reportable incidents in respect of Treasury Management, or requirements to change Treasury Management Policies.

The meeting concluded at 7:35 pm