



## **Audit and Governance Committee**

Minutes of a meeting of the Audit and Governance Committee held at on Wednesday 26 January 2022 at 6.00 pm.

Present           Councillor Cecile Irving-Swift (Chair)  
                      Councillor John Shephard (Vice-Chair)  
                      Councillor Jamal Alwahabi  
                      Councillor Alan Chantler  
                      Councillor Stephen Clarke  
                      Councillor Rosie Humphreys  
                      Councillor Charles Manners  
                      Councillor Jake Roberts  
                      Councillor Danielle Stone

Also               Councillor Lizzy Bowen  
Present:

Officers           Janet Dawson - Partner at Ernst Young  
                      Jacinta Fru - Head of Audit (West)  
                      Paul Harvey – Audit Manager at Grant Thornton  
                      Martin Henry – Executive Director of Finance  
                      Ciaran McLaughlin - Director of Public Sector Audit - Grant Thornton  
                      Sofia Neal-Gonzalez – Democratic Services (minutes)  
                      Debbie Middleton - Interim Assistant Director of Finance (remotely)  
                      Jim Newton, Assistant Director - Growth, Climate and Regeneration  
                      Audra Statham, Assistant Director - Finance (Accountancy)  
                      Duncan Wilkinson – Chief Internal Officer (remotely)

### **32. Apologies**

None

### **33. Declarations of Interest**

None

### **34. Minutes**

The minutes from the Audit meeting of the 10<sup>th</sup> November 2021 were approved and signed as a true and accurate record.

Councillor Stephen Clarke advised the committee that there was nothing further he wished to pursue with regards to the questions that he had previously sent to the Executive Director of Finance.

35. **Urgent Business**

None

36. **Chair's Announcements**

The Chair made the following announcements.

- The committee were informed of the passing of Councillor Steve Osbourne who had been a councillor at NCC for many years.
- The Chair welcomed Councillor Charles Manners to the committee.
- The Chair noted that members had had a pre-meeting with external and internal auditors.

The Executive Director of Finance advised the committee that there had been a conditional offer made for the new Internal Auditor position, further details to be provided later.

37. **Risk Register Deep Dive - Corporate Risks Update: Economic Recovery**

At the Chair's invitation Jim Newton, Assistant Director for Economic Growth and Regeneration presented the report, copies of which had been previously circulated. Councillor Lizzy Bowen was also present for this item as the cabinet member responsible for Economic Development, Town Centre Regeneration and Growth.

The committee was advised that the report had intended to set out what the worst-case scenarios would be and not what was currently occurring. The following comments were made.

- There had been a yearly increase in the number of warehouses and logistical developments, signalling strong growth in this area.
- There was strong hospitality and tourism in West Northants, this had been affected by Covid but due to the furlough scheme the number of job losses had been minimal.
- The risks presented in the report had been set out in the same way as a normal risk register.
- It was advised that emerging eco strategies had morphed into Covid recovery work.
- There had been some inward investment developed within key business.
- The Job Club had been mentioned, the single purpose of this was to match workers to employers. The club could also help with CV writing and interview prepping.
- There had been a risk increase in debt, control measures were in place such as crisis financial support.

Councillor Lizzy Bowen made the following comments.

- The committee was reminded that WNC was at the beginning of its journey.

- The council's strategy was moving forward but was still being worked on.
- There had been a concern raised about the high business rates in Northampton, especially with Christmas footfall having been down by 50%.
- It was noted that the hospitality grant that had been received had strict criteria, with the sector struggling to recruit.

Councillors made the following comments.

- It would be interesting to also understand the issues that had affected the rural community.
- It was noted that there were not enough bus drivers as such the movement of workers was affected.
- It was queried whether much was known about the hidden economy.
- There had been a huge rise in sexual exploitation, with the project 'women at risk' finding it a real issue.
- It was noted that young people, specifically school leavers, were vulnerable, and attention should be paid to their needs. Young people were now leaving school with less advantages than before.
- It was queried whether there were any initiatives to revitalise the town centre.
- It was advised that attention should be paid to economic growth and the increase of poverty alongside it.

Councillor Lizzy Bowen advised that money had been put aside for the high street, it was hoped that this would be a catalyst for growth. This strategy would rely on significant investment, there would be a huge risk should this investment not occur.

The Chair noted that the committee could come back and look at the risk if required.

### 38. **Internal Audit 2021-22 Update Report**

At the Chair's invitation the Chief Internal Auditor presented the report, copies of which had been previously circulated. It was advised this the report was a routine update. The forecast for the completion of all audits was given, 75% of all audits were expected to reach draft stage by the 31<sup>st</sup> of March 2022, with 100% of the plan completed by the 31<sup>st</sup> May (if all goes to plan), there would be a slight overlap into the new year. The overlap was due to the closing of the shared services which had presented resource challenges. An agreement had recently been formed with Binder Dijker Otte (BDO) to supplement internal resources, as such there should be no impact on the 2022/23 resources.

The Chair asked if certain numbers mentioned the action tracker could be explained. The Chief Internal Auditor noted that these were usually explained in a footnote which was missing from the report. The committee was informed that the amount mentioned was not real money, but a formula applied to quantify and would have no impact on WNC finances.

Councillors made the following comments.

- The report stated that a grant obligation had been addressed by the service, there seemed to be brief conflict, could this be clarified?
- During the pre-session with auditors a potential fraud had been mentioned regarding loans provided to small businesses during Covid, it was queried whether there had really been no fraud discovered.
- It was noted that the report mentioned £65,000 cash, had this been resolved or was it an on-going risk.
- Work on IT recovery was mentioned, it was felt this was especially important, could the percentage given be explained?

The Chief Internal Auditor made the following comments in response to some of the councillors' queries.

- The grant application identified had been addressed in conjunction with the service, it wasn't believed to have created any financial loss to the service.
- A fraud had been prevented, with a briefing note due to be completed and sent to the Executive Director of Finance. This could be shared with the chair should they wish to see it; this would not normally be shared in a public meeting as it could contain confidential information.
- The NFI (National Fraud Investigation) data matching was carried out and had included data matches from across the country, this had been an anti-fraud exercise, and had been carried out previously by the council. Internal Audit were not currently aware of any fraud that had taken place around this issue at WNC.
- Money for the pension fund was an on-going risk with the main issue being the speed at which the council was notified of a person's death.
- It was advised that the green, amber, and red used in the audit action tracker was not to show whether an item was overdue but as a visual aid for the reader.
- It was noted that there needed to be further engagement with services who use interface payments.
- The committee was advised that with regards to the IT recovery audit, the percentage mentioned was the amount of the audit completed and not the level of assurance. Internal Audit are not able to give an assurance level as they are only part way through the audit.

The Assistant Director of Finance for Accountancy noted that with regards to potential fraud within the grants given there had been a risk and balance. The council had tried to mitigate any potential fraud by making sure that the process was robust. The process had also been monitored throughout and cross references carried out, this information can be provided from the relevant government department.

### 39. **Northampton Borough Council - Annual Audit Letter 2019-2020**

At the Chair's invitation Janet Dawson from EY presented the report, copies of which had been previously circulated.

A Councillor queried the axis balances and whether it was a risk to the new developing budget. Janet Dawson advised that the audits carried out were for both

organisations and district councils. Updates on the other districts had been provided in past meetings. EY were hoping to get all outstanding work completed by the end of March or early April.

The Executive Director of Finance advised that there would be a risk but no greater than normal.

40. **Northamptonshire County Council - Annual Audit Letter 2019-2020**

At the Chair's invitation Janet Dawson from EY presented the report copies of which had been previously circulated.

41. **Northamptonshire County Council - External Audit Planning Report Year Ending 2020/21**

At the Chair's invitation Janet Dawson from EY presented the report, copies of which had been previously circulated. It was advised that the report had set out key areas of risk that had been identified by EY. There had been a reduction in the risk, this was partly due to having gained a much better understanding of the organisation as well as the stabilisation of the account reporting process.

The committee was informed that work was progressing well.

42. **Northamptonshire County Council (NCC) - Annual Governance Statement (AGS) 2020/21**

At the Chair's invitation The Executive Director of Finance presented the report, copies of which had been previously circulated.

A Councillor noted that the dissolution of services was rarely cost neutral and queried whether there would be any penalties attached. The Executive Director of Finance advised that he would confirm the answer to this following the meeting.

The Assistant Director of Finance for Accountancy advised that any decision taken would go through the proper channels and relevant members. It was advised that the process of the audit was to make sure that the processes were in place rather than the outcome.

43. **External Audit (Grant Thornton) Progress Report**

At the Chair's invitation Ciaran McLaughlin and Paul Harvey from Grant Thornton presented the report, copies of which had been previously circulated. The report was put to the committee as an update.

44. **Strategic Risk Register**

At the Chair's invitation The Executive Director of Finance presented the report, copies of which had been previously circulated.

It was noted that the highest risk was economic recovery which had been subject to a deep dive earlier in the meeting.

A Councillor queried whether regarding customer satisfaction there should be a baseline that can be worked off.

45. **Review of Committee Work Programme**

At the Chair's invitation The Executive Director of Finance presented the report, copies of which had been previously circulated.

The work programme was put to the committee with Financial Stability chosen as the next deep dive.

The meeting closed at Time Not Specified

Chair: \_\_\_\_\_

Date: \_\_\_\_\_