



**West  
Northamptonshire  
Council**

**Audit and Governance Committee**

Minutes of a meeting of the Audit and Governance Committee held at The Jeffrey Room, The Guildhall, Northampton on Wednesday 28 September 2022 at 6.00 pm.

Present	Councillor Cecile Irving-Swift (Chair) Councillor Charles Manners (Vice-Chair) Councillor Jamal Alwahabi Councillor John Shephard Councillor Rosie Humphreys Councillor Stephen Clarke Councillor Jake Roberts Councillor Alan Chantler
Substitute Members:	Councillor Keith Holland-Delamere
Also Present:	Janet Dawson, EY Ciaran McLaughlin, GT Paul Harvey, GT
Apologies for Absence:	Councillor Danielle Stone
Officers	Martin Henry, Executive Director of Finance (Chief Finance Officer) Audra Statham, Assistant Director Finance (Accountancy) Jen Morris, Head of Audit and Risk Scott Peasland, Audit Manager Ben Barlow, Funding and Investment Manager Fiona Coates, Pension Services Financial Manager Maisie McInnes, Democratic Services Officer

**75. Declarations of Interest**

There were no declarations of interest.

**76. Minutes**

The minutes of the previous meeting held on 22 June 2022 were agreed and signed by the chair as a true and an accurate record of the meeting.

**77. Chair's Announcements**

The Chair welcomed everyone to the meeting and welcomed Jen Morris the new Head of Audit and Risk. The committee met alone with the new internal auditor before the meeting to welcome her to the Audit and Governance committee and ask

questions about her role. The Chair planned two yearly pre-meetings with the External Auditors and Internal Chief Auditor, the first one is planned for January.

78. **Urgent Business**

There were no items of urgent business.

79. **Internal Audit Progress report**

At the Chair's invitation, the Head of Audit and Risk presented the internal audit progress report and summarised the position of the audits for the period to 31 August 2022. The Head of Audit and Risk highlighted the progress report contained in Annex B and explained that audit had made good progress supported by BDO, who are providing additional resource.

Members questioned if the risk of fraud was as expected. The Head of Audit and Risk responded that it was not unreasonable for the size of the WNC organisation. Members asked how much funding was remaining for members allowances and the Executive Director Finance responded that the remaining amount of unallocated member empower fund was £71.5k. Members queried the IT disaster recovery and home to school transport and the Head of Audit and Risk stated that WNC audit would be managing the IT actions going forward, and the home to school transport audit had highlighted safeguarding issues.

Members expressed concern at the section 106 monitoring and the Head of Audit and Risk explained there would be an assurance audit rather than compliance as this would help to identify issues and provide a baseline for the service area and encourage joint working. A statement and interim report would be brought to the next meeting of the Audit and Governance committee.

**RESOLVED: That members noted the Internal Audit Progress report.**

80. **External Audit Update - Ernst Young**

At the Chair's invitation, Janet from EY and the Assistant Director of Finance (Accountancy) presented the verbal External Audit Update and highlighted the salient points:

- There was an ongoing move from external auditors EY to GT with a scope audit in process and due diligence was currently underway.
- There had been a CIPFA update with the valuation of OAS, and this would be ready in November.
- In terms of the sovereign authority, NBC there were outstanding valuation queries and a positive meeting had taken place recently with only 4/5 outstanding points. The Assistant Director Finance (Accountancy) reminded the Audit and Governance Committee that delegation had been given to the Chair and Executive Director of Finance to approve the accounts.

- Some areas of external audit were still outstanding but great progress had been made and EY and the Council were working together to sign off and close down the accounts.

The Chair thanked EY and the Assistant Director Finance (Accountancy) for the update.

**RESOLVED: That the Audit and Governance Committee noted the external audit verbal update.**

81. **Grant Thornton Audit Plan for Northamptonshire Pension Fund 2021-22**

At the Chair's invitation, Paul from GT introduced the audit plan report for the Northamptonshire Pension Fund 2021-2022. He explained that there were delays starting the audit work, and the IT systems and legacy systems were currently being investigated which was challenging but the work was progressing. He explained that the Code of Practice VFM deadline had been missed but measurements had been put in place and it was agreed that they would report to the Chair of the Audit and Governance Committee and a report would be brought to the next meeting.

Ciaran from GT then delivered a presentation on the Northamptonshire Pension Fund Audit Plan. The Funding and Investment Manager added that the Pension Fund had a good audit process and confirmed that work would be completed within the next week. The Chair asked the external auditors if the audit fee had remained within budget. Grant Thornton responded that the fee remained the same.

Members questioned if the Pension Fund consisted of the predecessor authorities and the impact of the economic climate on the fund and its governance process. The Funding and Investment Manager confirmed that it did and responded that the fund was currently 118% funded and the fund invested in other currencies. He explained that the Local Pension Board was responsible for overseeing the Pension Fund and assists the Council in its role as scheme manager; the Pension Committee monitored the governance and administration of the Pension Fund, and the Investment Sub-Committee monitored the progress of the Fund's investment portfolios.

The Assistant Director of Finance Accountancy highlighted to members that the Statement of Accounts would show a deficit relating to the Pension Fund as the IAS19 valued the Fund using calculated averages and wasn't based on performance.

The Chair thanked Grant Thornton for their comprehensive presentation.

**RESOLVED: That members noted the presentation and the audit plan for 2021-2022.**

82. **Update on Medium Term Financial Strategy, annual budget and capital programme**

At the Chair's invitation, the Executive Director of Finance presented the report and explained that the report provided an update on the medium-term financial strategy, annual budget, and capital programme. The Revenue Monitoring report had been taken to cabinet on 23 September 2022 and there was an in-year forecast overspend of £7.6m which represented 2.2% of the total net budget. In terms of Capital Monitoring, with the rise in cost of raw materials it was expected that this would have an impact on the cost of capital projects. With the background of the current economic uncertainty and interest rates rising, the Executive Director of Finance stated that this was unforeseen and the HRA Capital programme had been reprofiled and a report had also been taken to cabinet on 23 September 2022. Finally, a report on Treasury Management had been taken to cabinet which highlighted the economic outlook with the background of the rise in inflation and interest changes. The Executive Director of Finance highlighted section 3.16 of the report which showed that the report forecasted what the future of interest rates would look like and could be 2.75% by March 2023. The report recognised the rise in rates and the Council would continue to closely monitor this.

In line with this, the detailed budget setting for 2023-24 had started much earlier this year, as nationally local government had been affected by the rising cost pressures. The Council had commenced a weekly budget task force, implemented a cap on spending and a spending restriction panel responsible for reviewing spend, and commenced a star chambers budget exercise to scrutinise directorates budget pressures and consider cost saving proposals submitted by the Council's respective service areas. The Executive Director of Finance concluded his report and invited members to ask any questions.

Members discussed the budget star chambers and use of Council contingencies. Members asked if the work relating to the North-West Relief Road had been affected and the Executive Director of Finance clarified that the budget for this was not currently under pressure. Members expressed concern at the overspend detailed in section 3.8 of the report and the Executive Director of Finance responded that the Council were tackling this problem head on, and spending restrictions were already in place and so far, over 150 business cases had come forward with ideas for cost-savings.

**RESOLVED: That the Audit and Governance Committee considered and noted the contents of the report.**

### 83. Risk Register Update Report

At the Chair's invitation, the Head of Audit and Risk presented the risk register and explained that the risk register would be designed for future meetings to highlight the important areas and bring emerging risks to the Audit and Governance Committee, and this would be trialled for the way forward. The Head of Audit and Risk highlighted page 54 of the report which summarised the strategic risks and explained that the residual score of risk E04 Workforce Capacity and skills had been increased from 9 to 12 following the deep dive exercise that had taken place as members felt this needed a higher risk rating. The Head of Audit and Risk informed members that the

register contained an update to 30 June 2022 as the previous meeting had been cancelled.

Members asked if any of the risks had materially changed since June. The Head of Audit and Risk explained that the risk on financial resilience was being monitored but there were no other material changes.

The Chair invited members to give suggestions on areas that officers could provide a deep dive into for the next committee meeting. The Head of Audit and Risk suggested that she provide a deep dive assessment of the risk process and how she envisioned risk being managed within WNC going forward. The Chair agreed that this would be the best way forward.

Members asked questions surrounding the workforce capacity risk and the Head of Audit and Risk confirmed that she would report back on this area. The Executive Director of Finance explained that the portfolio holder attended the previous meeting and as a result the risk had increased. Members asked what the next steps would be if this was still considered to be risk. The Executive Director of Finance explained that it would be referred to the director of the service area. Members asked how they would be able to sense check progress and the Executive Director of Finance explained that a briefing could be organised to give a progress update.

The Chair emphasised that scrutiny was responsible for investigating this area and that the committee would receive guidance from the Head of Audit and Risk at the next meeting.

**RESOLVED: That the Audit and Governance committee noted the position of the risk register.**

84. **Work Programme**

The Chair introduced the work programme. Members discussed the work programme and agreed that the deep dive into risk management would be added to the work programme.

**RESOLVED: That members considered the work programme and agreed to the addition of risk management.**

The meeting closed at 19:36

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

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