



Audit and Governance Committee

Minutes of a meeting of the Audit and Governance Committee held at The Jeffrey Room, The Guildhall, Northampton on Wednesday 25 January 2023 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 Danielle Stone
Councillor Alan Chantler
Councillor Mark Hughes

Substitute Members:

Councillor Hughes (for Councillor Roberts)

Also Present:

Councillor Mike Hallam, Cabinet Member for HR & Corporate Services

Apologies for Absence:

Councillor Jake Roberts

Officers:

Martin Henry, Executive Director Finance
Jen Morris, Head of Audit and Risk
Jo Bonham, Governance and Risk Manager
Fiona Coates, Pension Services Financial Manager
Ciaran McLaughlin, Grant Thornton (GT)
Cath Whitehead, Director of Legal & Democratic
Sarah Hall, Deputy Director of Law and Governance
Chris Wales, Chief Information Officer
Mark Rutter, Ernst & Young (EY) - Remote

97. **Declarations of Interest**

None advised.

98. **Minutes**

With reference to the Internal Audit Update, the Chair noted that the Chief Internal Auditor would refer any issues back to Committee where it was deemed necessary.

RESOLVED:

That the Minutes of the Audit and Governance Committee held on 16th November 2022 be approved and signed as a correct record.

99. **Chair's Announcements**

The Chair had recently attended a two day course on effective Audit Committees and would be happy to discuss the content with members should they so wish.

100. **Urgent Business**

None advised

101. **Regulation of Investigatory Powers Act 2000 (RIPA)**

Sarah Hall, Deputy Director of Law and Governance presented the report on the Regulation of Investigatory Powers Act 2000 (RIPA). It was mandatory for a local authority to have a RIPA policy in place.

A local authority could only make use of Directed Surveillance and could only do so where the offence being investigated carried a custodial sentence of six months.

Approval must also be obtained from the magistrate's court.

During 2022, no covert surveillance regulated by RIPA had been undertaken by Council Officers.

The Council underwent an inspection in May 2022 from the IPCO (Investigatory Powers Commissioner's Office). The findings were positive with minor amendments suggested to the policy. Inspections take place every three years.

A total of 74 officers had received RIPA Refresher training, with a further 16 officers scheduled to attend training.

At the request of the Chair, it was agreed that a brief update be provided to each meeting of the Committee advising whether any action had been taken under the RIPA regulations.

In response to a question, the Deputy Director of Law and Governance advised that surveillance would likely be used in scenarios such as fly tipping or anti-social behaviour.

The recommendations submitted in the report were agreed.

RESOLVED:

The Audit and Governance Committee:

a) Endorsed the roles and responsibilities of the various Officers and of the Committee.

- b) Endorsed the training scheduled and undertaken.
- c) Approved receiving an annual report to ensure appropriate oversight of the Council's use of the RIPA provisions.
- d) Agreed to receive a brief update at each committee meeting detailing whether any action had been taken under the RIPA regulations.

102. **Pension Fund Annual Report and Statement of Accounts 2021-22**

Martin Henry, the Executive Director of Finance presented the Final Annual Report and Statement of Accounts of the Pension Fund for the 2021-22 financial year, which had already been considered by external audit and the Pensions Committee.

Ciaran McLaughlin of Grant Thornton outlined the report which was positive with very few issues raised. The Pensions team had provided good support during the audit process. The Pension Fund's opinion could not be finalised until the Council's audit had been concluded. Assurance letters would be issued to the appropriate parties.

Councillor Danielle Stone declared an interest as the recipient of the pension fund, being a former employee of Northants County Council.

In response to questions it was noted that the triennial actuarial review of the pension fund had commenced in April 2022 and the report would be submitted to the Pensions Committee. One joint pensions team covered both the Northamptonshire and Cambridgeshire schemes, which operated very well.

It was noted that investments often ran until 31st March and that it could then take up to six months for updated information be provided.

Councillors were reminded to submit their declarations of interest in a timely manner when requested in order that delays to the Statement of Accounts can be mitigated.

In response to questions it was noted that the increase in the fund's assets had been due to a number of investments performing better than expected.

Following questions regarding the ethical nature of investments, the Pension Services Financial Manager undertook to re-circulate the Pension Fund Responsible Investment Policy.

The recommendations contained within the report were put to the Committee and it was

RESOLVED:

That the Audit and Governance Committee:

- a) Approved the Statement of Accounts and notes the Annual Report of the Pension Fund for the 2021-22 financial year.
- b) Recommended the findings of external audit documented in the ISA260 are acted upon.

103. **Internal Audit Update**

Consideration was given to the report regarding the Internal Audit Update. Martin Henry, the Executive Director Finance advised the Committee that the report was a public document but the appendices were confidential in nature.

Jen Morris, Head of Audit and Risk updated the Committee on work delivered by the Internal Audit team. Good progress had been made on planned audits.

With regards to the Section 106 audit, the intention was for Internal Audit to be seen as a 'trusted friend'. The service was undergoing a period of transition and it was considered that the production of an interim report with recommended areas of improvements would be more beneficial. The Internal Audit team would continue to work closely with service managers. The Chair agreed that such an approach was more proactive and appropriate to improve service areas.

The Executive Director Finance advised that such interim reports were more advisory in nature and therefore would be internal documents only.

Jen Morris, Head of Audit and Risk advised that a discussion was ongoing in the audit sector as a whole regarding the best way to improve services. It was now considered that the most effective way to ensure good practices was for audit to be involved in the design of a service area, rather than involvement only at the end of the process.

The majority of legacy council audits had now been closed off. With regards to the audit actions on pages 166-7 of the report, the most concerning matter was where 'no management response' had been received in relation to overdue actions. Four of the six outstanding issues were within the same area and meetings had been held to progress matters.

The committee queried whether there were mitigating factors leading to the delays. The Head of Audit and Risk advised that in one of the cases, the issues had arisen from the implementation of a new system.

The Chair queried whether the committee should raise the issue of outstanding matters with the Chief Executive. It was agreed that such action was not appropriate at the moment.

The recommendations submitted in the report were agreed.

RESOLVED:

That the Audit and Governance Committee receive and endorse the progress update.

104. **External Audit Progress report (Grant Thornton)**

Ciaran McLaughlin of Grant Thornton updated the Committee on the progress of the external audit.

A draft annual report had been issued and was awaiting comments. No significant weaknesses had been identified.

The Chair thanked Officers involved in the audit.

In response to a question regarding Sixfields, the external auditor advised that the outcome of the Judicial Review was still awaited.

RESOLVED:

The Committee noted the verbal update

105. External Audit Progress report (EY)

Mark Rutter of EY updated the Committee on the progress of the external audits of the former county and borough councils.

With regards to the former county council, information was being awaited regarding Covid grants. It was noted that CIPFA had updated their guidance relating to Infrastructure Assets Appreciation

With regards to the former borough council, the audit testing had been completed and a list of adjustments and disclosures issued. It was hoped that the audit would be closed by the end of February.

RESOLVED:

That the Committee noted the verbal update

106. Annual Governance Statement 2021-22

Jen Morris, Head of Audit and Risk presented the Annual Governance Statement 2021-22 which formed part of the statutory accounts process.

The Chair advised that from next year onwards, the Chief Executive and Leader of the Council will attend the Committee to present and endorse the Annual Governance Statement.

Head of Audit and Risk advised that a Governance Strategy Group had been established to further develop the Council's wider governance assurance framework. The action plan at Annex A to the report was to be reviewed. The Committee agreed that the document should return to the next meeting of the committee so as not to delay the Statement of Accounts for 2021-22.

RESOLVED:

That:

- a) the Committee approve the Annual Governance Statement.
- b) Annex A is reviewed and submitted to the next meeting of the committee for consideration and approval.

107. Budget setting update

Martin Henry, Executive Director Finance advised that numerous briefings had been held for councillors regarding the budget. Consultation on the budget would close on 31st January 2023.

Managers had been made aware of budget robustness and the need for savings, and a summary of the information would be submitted to Cabinet on 13th February and then onto Council on 22nd February.

The Chair thanked Martin Henry for briefing all groups on the budgetary process, which was considered very beneficial for democracy.

RESOLVED:

That the Committee noted the verbal update on budget setting.

108. **Work programme**

It was noted that the Annual Governance Statement Appendix A would be included on the agenda for the next meeting of the committee to be held on 1st March 2023.

RESOLVED:

That the work programme be noted

109. **Exclusion of the Press and Public**

RESOLVED:

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the remainder of the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would likely be that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

110. **Exempt Appendices to Internal Audit Update report**

Item considered in private session.

The meeting closed at 7.55 pm

Chair: _____

Date: _____