

WEST NORTHAMPTONSHIRE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE MINUTES

16 JUNE 2021

Cabinet Members Present:

Cecile Irving – Swift (Chair)	John Shephard (Vice-Chair)
Jamal Alwahabi	Michael Brown
Stephen Clarke	Rosie Humphreys
Jake Roberts	Danielle Stone

Other West Northamptonshire Council Members Present:

Julie Davenport	
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West Northamptonshire Council Officers Present:

Janet Dawson	Partner, Ernst & Young
Jacinta Fru	Head of Internal Audit (West)
Paul Hanson	Democratic Services Manager
Neil Harris	Associate Partner, Ernst & Young
Sofia Neal-Gonzalez	Democracy Officer (minutes)
Audra Statham	Assistant Director of Finance – Accountancy
Duncan Wilkinson	Chief Internal Auditor

1. APOLOGIES FOR NON-ATTENDANCE:

Councillor Pinder Chauhan sent apologies.

2. DECLARATIONS OF INTEREST

There were none

3. ANNOUNCEMENTS

Audra Statham attended the meeting in place of Martin Henry. Ernst & Young would present their item first.

4. EXTERNAL AUDIT PROGRESS UPDATE

At the Chairman's invitation Neil Harris presented the first part of the report, copies of which had been circulated previously. E&Y were currently auditing legacy balances and were preparing a detailed report for Martin Henry, which would include value for money and areas of risk. There had been a focus on valuation of assets, fraud, pension assessment and key revenue streams. A new area that had been investigated was that of the acquiring of grants and how they are received. Work

done in the value for money sector had not been included in the plan as it was yet to be completed.

There had been a change in auditing standards which had led to extra considerations having to take place, any high risk estimation made would need further investigation.

Councillors made the following comments.

- The report advised of a revenue rental risk in Daventry, could there be some confirmation on what this relates to?
- Covid had been listed as a risk, it was asked why Brexit had not also been listed as a risk.
- It was noted that the closing down of the accounts was very important, could an estimate be given with regards to when this would be completed and whether the information E&Y were given was good enough.
- Has the change in staff had any adverse effects on the ability to conduct the work and gain the required information.
- It was noted that risks would increase when change occurred, had any provision been put into place or this.

Neil Harris made the following comments.

- Guidance was given and it was determined that Brexit had not had a significant effect with regards to value for money.
- It was noted that materiality had been placed at 2%
- There had been an awareness of the changes in the setup of Northampton's council.
- The impact of Covid-19 would be considered with regards to 19/20 Audit. It had impaired some key issues; the draft financial statements would show any problems caused by Covid-19.

Janet Dawson presented the next part of the report, and advised that NBC (Northampton Borough Council) and NCC (Northamptonshire County Council) were running audits at different times, with one late than the other.

Work on NBC was well underway, sampling was now being completed and E&Y hoped to bring 'plan' to the next meeting. Materiality had been placed at 1%, this had been a reaction to the heightened interest from stakeholders.

Risks with regards to value for money arrangements had been identified and there had been a significant amount of change in governance.

Janet confirmed that the continuity of the resourcing team was important and a good delivery plan was in place.

Work on NCC had noted risks with regards to fraud, management override, and valuation of land and building, (specialists were being used for the valuation). The valuation of pension liability and other schemes had placed materiality at 1% due to public interest. It was noted that the 19/20 financial position had been overseen by the commissioners of NCC. Value for money had been a key area of focus especially with regards to Children's Services and how any improvements had been taken forward. The team that had been working on the 18/19 accounts would be kept the same and would also take on the 19/20 Audit. The completion of field work is

estimated to be completed by mid-august with the report being presented to the committee by the September meeting.

Councillors made the following comments.

- It was asked whether there would be any financial legacy within the new council with regards to Sixfields.
- Clarification on what was meant by associated accounts was requested, and whether there were any legacy risks.
- It was noted that a deeper understanding of the new council's budgets would be helpful.

Janet Dawson made the following comments.

- With regards to any implications from sixfields, it is understood that the only legacy issue would be elements of any further debts that can be recouped and any further recompense.
- In some cases, value for money would not get looked at but whether the arrangements that were in place were done correctly.

Audra Statham advised that with regards the sixfields football loan, the legacy situation had been accounted for and provisions put in place. It was noted that there was still a criminal investigation which was ongoing.

RESOLVED: That the Committee noted the content of this report.

5 INTERNAL AUDIT PLAN

At the Chairman's invitation Duncan Wilkinson, Chief Internal Auditor presented the report, copies of which had been previously circulated. Duncan advised that the report was late coming to the committee due to the disaggregation of NCC, it would usually arrive in February. It was advised that Section 1 of the report set out the key professional requirements. The key objective would be to set out a schedule of Audit work with significant coverage of activities. If a significant amount of the plan is not completed, then a limited audit report to the audited areas would be provided. The objective had already been recognised as being a challenging one, with the report designed to give assurance that work is being done.

Process and structure will continue to be measured with any changes noted and reflected in the Audit plan. The committee was advised that the plan would change throughout the year.

There would be continued liaising with staff who had moved from the other councils, it was felt that there had been a good continuity of staff, meaning that the audit plan would be delivered from an informed basis.

Work that had been completed for Q1 had been set out on page 18 of the report, timings would be flexible as many of the officers were under pressure.

It was advised that Internal Audit were happy to engage with individual audit queries.

Councillors made the following comments;

- Is specific staff allocated for different councils within LGSS

- It is the role of the Audit committee to also self-analyse, had this been conducted at NCC.
- It was asked whose role it was to run the risk register
- Would the overspend of the relief road be discussed.

The Chair asked if the committee could be provided with a glossary of the abbreviations that would be used in any future reports.

Duncan Wilkinson made the following comments.

- It was noted that abbreviations would normally be fully written within the report down but had been missed this time.
- With regards to resources it was important to be as flexible as possible.
- Belonging to a shared service allowed for a wide pool of people with varying degrees of experience.
- Staff would not be approach to audit within the first 6 months in order to allow for as much operational delivery as possible.
- With regards to the Relief Road overspend - this would probably sit better within the scope of the scrutiny committee.

Audra Statham made the following comments.

- It was recognised that a strong relationship with Northampton North was required in order to complete some legacy work.
- Interim staff had been put in place in order to keep departments running properly. This had been on top of having a strong core team from the start.
- Internal Audit had a specific role as well as the section 151 officer.
- A plan had been in place in order to mitigate for any potential changes.
- All services would be looked at, it had not been possible at the beginning as ensuring safe and legal from day one had been the focus.

The Chair advised that the section 151 officer would ensure that Internal Audit have all of the resources in order to conduct an audit.

RESOLVED: That;

- 1. The Committee provided any comment on the plan at Annex A and endorsed it subject to those comments.**
- 2. The Committee highlighted any areas of focus they wished the service to prioritise within the first six months of the new Council's operations report**

6. INTERNAL AUDIT UPDATE

At the Chairman's invitation Duncan Wilkinson presented the report, copies of which had been previously circulated. The report was a brief one and not much could be reported as it was still early - Internal Audit would normally wait until after Q1.

The report had been brought to the meeting in order for the committee to see the structure and how the information would be presented. The report had set out the current progress of the audits, 7 were at planning stage with 1 yet to be completed.

The action tracker would be presented at the July meeting and would be a more granular report. ERP processes had been in place and all payroll changes had been accomplished – any changes to bank details were now on a self-service basis by the member of staff.

The Chair asked that a copy of a full assurance audit be provided to the committee in order for them to see the difference.

RESOLVED: That the Committee noted the report

7. CLOSURE OF ACCOUNTS - PREDECESSOR COUNCILS' STATEMENT OF ACCOUNTS

At the Chairman's invitation Audra Statham presented the report, copies of which had been previously circulated. The interim team that had been put in place had been retained, there had also been a handover to permanent members of staff. Any estimates noted in the report had been based on professional judgements. There had been a good response to vacancies, and a change in personnel between North Northants and West Northants was to be expected for some time. The committee was advised that there had been help with the close down of accounts from staff in the North.

A Councillor requested an item be added to agenda for the next meeting in order to discuss the timings of the meeting.

RESOLVED: That the Committee noted the content of this report

8. WORK PROGRAMME

At the Chairman's invitation Duncan Wilkinson presented the report copies of which had been previously circulated. There would be regular recurring items in the work programme which would include internal audit progress updates. The committee was also advised the risk register would also be presented at every meeting.

RESOLVED: That the Committee considered the work programme and determined which other areas should also be considered by the Committee.

9. URGENT BUSINESS

None

There being no further business the meeting ended at 7:50pm.