

WEST NORTHAMPTONSHIRE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE MINUTES

28 JULY 2021

Cabinet Members Present:

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

Other West Northamptonshire Council Members Present:

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West Northamptonshire Council Officers Present:

Neil Harris	Associate Partner, Ernst & Young
Martin Henry	Executive Director of Finance (Chief Finance Officer)
Maisie McInnes	Democracy Officer
Ciaran McLaughlin	Grant Thornton
Sofia Neal-Gonzalez	Democracy Officer (minutes)
Audra Statham	Assistant Director of Finance – Accountancy
Jean Stevenson	Interim Senior Finance Business Partner
Duncan Wilkinson	Chief Internal Auditor

1. APOLOGIES FOR NON-ATTENDANCE:

None received

2. DECLARATIONS OF INTEREST

There were none

3. ANNOUNCEMENTS

Item 22, Committee Timings (Verbal Only) was withdrawn.
Councillor Longley wasn't able to attend this meeting but would be at the next one at the request of the Committee.

4. Confirm the minutes of the meeting held on the 16th June 2021.

Confirmed.

5. INTERNAL AUDIT 2021-22 UPDATE REPORT

At the Chairman's invitation Chief Internal Auditor Duncan Wilkinson presented the report.

The Committee was reminded that full plan had been presented at the last meeting, and that it was expected to be presented at every meeting. It was advised that the audits had been progressing well and some had already been finalised. Positive assurance was given for the key records, policies and procedures audits. The committee was informed that the quarter 2 audit was beginning to be prepared. It was explained that the report also showed that currently Internal Audit would be provided through the shared services, it was noted that some resources could be lost because of this.

Members asked the following questions.

- Had a date been agreed upon for when the audit service would come back in to the council.
- A member asked if Quarter 2 would be pushed back and if the Audits could be quantified.

The following responses to the questions were given.

- It was hoped that the services would come back in to the council by the beginning of December 2021.
- It was advised that Internal Audit was not 100% confident that Q2 could be achieved by the end of September. There was expected to be a degree of overflow into Q3.
- It was advised that the 21/22 plan stated that 116 days of Audit were needed across the year.

Duncan Wilkinson informed the committee that there would a 10%-20% resource shortfall, but this would be able to be backfilled at a later date.

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

6. EXTERNAL AUDIT PROGRESS REPORT FROM ERNST & YOUNG - VERBAL UPDATE

At the Chairman's invitation Neil Harris from E&Y presented the report. It was advised the historical audits were being brought to the committee as part of good governance. It was expected that legacy organisation audits would be concluded by the end of the calendar year, specifically NCC. The audit for South Northants had now progressed onto 20/21, there were no significant concerns about progress.

Members had no questions.

RESOLVED: That the Committee noted the update

7. SOUTH NORTHAMPTONSHIRE COUNCIL - EXTERNAL AUDIT ANNUAL AUDIT LETTER YEAR ENDING 31 MARCH 2020

At the Chairman's invitation Neil Harris from E&Y presented the report. Members had no questions.

RESOLVED: That the Committee noted the 2019/20 Annual Audit Letter for South Northamptonshire Council

8. DAVENTRY DISTRICT COUNCIL - EXTERNAL AUDIT ANNUAL AUDIT LETTER YEAR ENDING 31 MARCH 2020

At the Chairman's invitation Neil Harris from E&Y presented the report. Members had no questions.

RESOLVED: That the Committee noted the 2019/20 Annual Audit Letter for Daventry District Council.

9. NORTHAMPTON BOROUGH COUNCIL - EXTERNAL AUDIT ANNUAL AUDIT LETTER YEAR ENDING 31 MARCH 2019

At the Chairman's invitation Neil Harris from E&Y presented the report. The report gave an unqualified opinion similar to that of South Northants and Daventry.

Members asked the following questions.

- With regards to debt recovery, would there be any mitigations, and how would the council keep track on the cost of recovery.
- A Committee member asked if the council had continued to use sovereign authority bank accounts.
- Was the public interest report in the public domain?
- A query was raised as to why the materiality figures were higher in the borough.
- Could there be an update on the football club loan recovery.
- The South Northants and Daventry audit fees seemed high, could there be any consequences for West Northants because of this.

Neil Harris made the following points.

- The level of materiality set by E&Y was felt to be appropriate and based on specific parameters.
- Although there had been a significant amount of progress not all of the actions had been implemented, there will be further updates in the future.
- Members were reminded that they were looking at 2019 information.
- The football club loan recovery found that as of 31/03/2020 £177,000 was still missing.
- E&Y are committed to deliver high quality audits, and had taken into account the extra work that had been carried out for those specific audits.

Martin Henry noted that moment there were 4 sets of audit fees, this would eventually become 1.

RESOLVED: That the Committee noted the 2018/19 Annual Audit Letter for Northampton Borough Council

10. NORTHAMPTONSHIRE COUNTY COUNCIL AND PENSION FUND – EXTERNAL AUDIT ANNUAL AUDIT LETTER YEAR ENDING 31 MARCH 2019

At the Chairman's invitation Neil Harris from E&Y presented the report. It was noted that there was a need to improve risk management, steps had since been taken by the finance team to improve on this.

Members had no questions.

RESOLVED: That the Committee noted the 2018/19 Annual Audit Letter for Northamptonshire County Council and Pension Fund

11. EXTERNAL AUDIT PROGRESS REPORT FROM GRANT THORNTON - VERBAL UPDATE

At the Chairman's invitation Paul Dossett from Grant Thornton introduced himself to the committee. The committee was advised that there were a series of processes to conclude but that all would be done to not disrupt the historical audit that would also be taking place. Grant Thornton would be liaising closely with Ernst & Young through this process, and would present a report at the next meeting.

Members had no questions

RESOLVED: That the Committee noted the update

12. CLOSURE OF ACCOUNTS PROGRESS (VERBAL UPDATE)

All 4 of the audits would be audited by the same company. Daventry would be published on the day following the meeting, South Northants audit had already been published. With regards to Northampton Borough (NBC) and Northants County Council (NCC), 18/19 had been completed, with work started on 19/20. The 18/19 closure of accounts had been a challenging one, improvements had however been recognised and would be reflected in the materiality levels. The NBC and NCC 19/20 accounts were hoped to be completed by the end of September, with the 20/21 accounts being started at the same time.

It was noted that resources were key to work being carried out and that there were good working arrangements with all staff.

Members had no questions.

13. INTERNAL AUDIT ANNUAL REPORTS FOR PREDECESSOR AUTHORITIES

At the Chairman's invitation Chief Internal Officer Duncan Wilkinson presented the report. Duncan advised the committee that if there were any queries with regards to older audit findings he would take them back to the previous auditors for answers.

Members asked the following questions.

- Would further work now be done on the social lettings agency?
- A member queried if private sector housing and the issues surrounding it should have its own audit.
- What consequences would there be if there are long delays in management responding to reports once the head of IA has given his opinion.
- There was not a record of the purchase of computer equipment, would this be recorded in the future.

Martin Henry noted that the private sector housing could have an influence on the audit draft, in terms of reference, but that he would be happy to share this draft if requested.

Duncan Wilkinson advised that there were at times legitimate reasons for delays, but if serious weakness should be found then there would be more conversations with management.

Limited and routine follow-ups would take place, including sample testing.

Audra Statham noted that normally all the departments asset regulations would be updated, but due to the circumstances this course of action had not been followed. It was also noted that up to date records were to be kept.

RESOLVED: That the Committee noted the update

14. NORTHAMPTONSHIRE COUNTY COUNCIL - EXTERNAL AUDIT PLANNING REPORT YEAR ENDING 2019/20

At the Chairman's invitation Neil Harris from E&Y presented the report. E&Y had looked at, value for money, significant and unusual transactions and journal entries. It was noted that Covid-19 had informed the findings of the audit. Work had been consistent and audit materiality had not changed, with performance materiality at its lowest possible threshold. There would be a follow up report which would focus on various other areas.

Members had no questions.

RESOLVED: That the Committee noted the 2019/20 Audit Planning report for Northamptonshire County Council

15. NORTHAMPTON BOROUGH COUNCIL- EXTERNAL AUDIT PLANNING REPORT YEAR ENDING 2019/20

At the Chairman's invitation Neil Harris from E&Y presented the report.

The materiality levels for 19/20 had not changed, with no significant concerns found. It was found that there had been a conscious improvement, whether this would be revisited would depend on the 19/20 audit.

Members had no questions.

RESOLVED: That the Committee note the 2019/20 Audit Planning report for Northampton Borough Council.

16. SOUTH NORTHAMPTONSHIRE COUNCIL - EXTERNAL AUDIT PLANNING REPORT YEAR ENDING 2020/21

At the Chairman's invitation Neil Harris from E&Y presented the report, it was noted that there was a 2% materiality and there was a recognition of financial stability.

Members had no questions.

RESOLVED: That the Committee note the 2020/21 Audit Planning report for South Northamptonshire Council

17. DAVENTRY DISTRICT COUNCIL - EXTERNAL AUDIT PLANNING REPORT YEAR ENDING 2020/21

At the Chairman's invitation Neil Harris from E&Y presented the report. It was advised that there were no concerns.

Members had no questions.

RESOLVED: That the Committee noted the 2020/21 Audit Planning report for Daventry District Council

18. NORTHAMPTONSHIRE PENSION FUND AUDIT PLAN 2020-21

At the Chairman's invitation Neil Harris from E&Y presented the report.

It was advised that the audit was well underway, the report presented to the committee set out the areas where significant risk was found, mostly complex investment which would be harder to value.

Materiality would be found at the higher end. Neil Harris from E&Y noted that he couldn't really comment on fees, as they are set out as a reflection of a high quality audit, but they will try and give as early indication as possible what the fees will be.

Members had no questions.

RESOLVED: That the Committee noted the Audit Plan 2020-21 and the presentation by Ernst & Young

19. STRATEGIC RISK REGISTER

At the Chairman's invitation Chief Financial Officer Martin Henry presented the report to the committee.

It was advised that the report had been taken to ELT had been seen by each directorate, and would be presented at a following ELT meetings. Martin Henry discussed the layout of the risk register and the information that could be found within it. The register would be reviewed on a regular basis.

The Chair asked if it would be possible to present a specific risk to the committee at every meeting, with the officer in charge of the risk in attendance. Also that any members come forward with any ideas as to which risk they wished to see, but noted that IT would be a good starting point.

Members had no questions.

RESOLVED: That the Committee.

- 1. Considered the Strategic Risk Register attached at Appendix 1 and comments upon it.**
- 2. That Emergency Planning and IT as risks be presented to the committee at the next meeting.**

20. RISK MANAGEMENT STRATEGY

At the Chairman's invitation Chief Financial Officer Martin Henry presented the report to the committee.

It was noted that the report provided the framework for how WNC would process risks. The plan was to bring the risk register back for every meeting, and the risk management strategy back on an annual basis.

A member asked If should a risk be identified by a member could it be brought to the risk register, the example given was Emergency Planning and it being under-resourced.

Martin Henry confirmed that any member could come forward about any queries, and also advised that Emergency Planning was on the risk register.

RESOLVED: That the Committee commented on and endorsed the Risk Management Strategy

21. Work Programme

At the Chairman's invitation Chief Financial Officer Martin Henry presented the report to the committee.

The programme set out the plan for the next year

Members had no questions.

RESOLVED: That the Committee considered the work programme.

There being no further business the meeting ended at 8:10pm.