

WEST NORTHAMPTONSHIRE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE MINUTES

29th September 2021

Committee Members Present:

Cecile Irving – Swift (Chair)	John Shephard (Vice-Chair)
Jamal Alwahabi	Alan E Chantler
Rosie Humphreys	Danielle Stone
Michael Brown	

Other West Northamptonshire Council Members Present:

Councillor Mike Hallam	Councillor Malcolm Longley
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West Northamptonshire Council Officers and Others Present:

Fiona Coates (remotely)	Pension Services Financial Manager
Janet Dawson	Partner, Ernst & Young
Neil Harris	Associate Partner, Ernst & Young
Martin Henry	Executive Director of Finance (Chief Finance Officer)
Paul Hanson	Democratic Services Manager
Ciaran McLaughlin	Grant Thornton
Debbie Middleton	Interim Assistant Director of Finance
Sofia Neal- Gonzalez	Democracy Officer (minutes)
Sarah Reed	Executive Director Corporate Services
Audra Statham	Assistant Director of Finance – Accountancy
Jean Stevenson	Interim Senior Finance Business Partner
Chris Wales	Chief Information Officer
Duncan Wilkinson	Chief Internal Auditor

1. APOLOGIES FOR NON-ATTENDANCE:

Apologies received from Councillor Jake Roberts and Councillor Stephen Clarke

2. DECLARATIONS OF INTEREST

There were none

3. ANNOUNCEMENTS

None

4. Confirm the minutes of the meeting held on the 28th July 2021.

RESOLVED that the minutes of the meeting held on 28th July 2021 be agreed subject to the amendment on page number 7 of the document pack to read 'Martin Henry noted that at the moment'

5. RISK MANAGEMENT DEEP DIVE - CORPORATE RISKS UPDATE - CRITICAL INCIDENTS - INFORMATION SECURITY

At the Chairman's invitation Councillor Mike Hallam presented the report, copies of which had been previously circulated. Councillor Hallam was also joined by the Executive Director Corporate Services and Chief Information Officer.

The committee was advised that should there be any questions which require a more in depth discussion then the committee may have to move into private session. The recent server fire was discussed, and the committee was informed that lessons had been learnt from this incident. It was noted that the council had been looking at cloud- based services for some time. There had been no proposed change to the risk rating and it was hoped that in 6 months-time there could be a move to a more positive rating.

Sarah Reed advised that it was prudent to ensure that emergency planning was in place.

Committee members raised the following question and comments:

- Had there been any impact to customers, when staff from other areas were called to deal with emergencies?
- It was noted that some members of the IT team had worked a 36-hour shift, was this not a concern?
- When staff are called away to help in emergencies would there be a residual cost to other services?
- It was queried if any data had been lost during the fire in August.
- Can member and staff behaviours be monitored in order to improve cyber security?
- Was the disaster recovery used by the council with regards to the fire, in-house or external.?
- Could clarification be given as to whether there was only one back up system in place and if it was stored onsite or offsite?

Councillor Hallam, Chris Wales and Sarah Reed made the following comments in response to the questions asked by the committee.

- It was agreed that there should be better systems in place.
- Staff were fully trained and the work load was shared between systems and teams.
- There was an emergency planning arrangement in place
- There had been customer feedback, this had been forwarded to communications.

- The committee was advised that once the system had been re-started there had been checks carried out to ensure that all of the information was accounted for.
- The committee was informed that 17% of data breaches had been in the public sector and the biggest risk continued to be human error.
- There were bids being considered with regards to cyber-security options, it was however, impossible to be completely secure.
- Councillor Hallam advised that he had been pushing for member learning on this subject.
- The idea to migrate to the Cloud had been discussed but would take time to move all of the relevant data.
- All of the data had been backed up off site.

The Chair requested that the committee be presented with another report on this in six months' time and noted that more education should be given to councillors regarding human risks.

Councillor Brown left the meeting at this point.

RESOLVED: It was recommended that the committee noted the actions that have been taken to mitigate both risks

6. INTERNAL AUDIT 2021-22 UPDATE REPORT

At the Chairman's invitation The Chief Internal Auditor presented the report, copies of which had been previously circulated. The committee was advised that the report included a detailed analysis and that so far 84% of the plan had been completed. It was hoped that 95% would be completed by 31 March 2022, information would continue to be brought back to the committee.

Committee members made the following comments.

- The report had stated that there was a 603 audit days' shortfall, was the Internal Audit team confident in being able to bring solutions to the next meeting?

The Chief Internal Auditor noted that Internal Audit were working towards potential solutions to bridge the gap.

The Executive Director of Finance noted that a detailed report would be provided and that he would be working with Chief Internal Auditor to complete this.

RESOLVED: That the report be noted.

7. EXTERNAL AUDIT (GRANT THORNTON) 2021-22 PROGRESS REPORT

At the Chairman's invitation Ciaran McLaughlin from Grant Thornton presented the report, copies of which had been previously circulated. The committee was advised

that there had been a number of meetings with officers from WNC with more due to take place.

The Executive Director of Finance advised that a part of best practice included committee members meeting with Internal and External Auditors without the S151 Officer. This meeting would be scheduled to occur immediately before the next meeting and would allow members the opportunity to raise any queries.

RESOLVED: That the report be noted

15. APPROVAL OF WEST NORTHAMPTONSHIRE'S CODE OF CORPORATE GOVERNANCE

At the Chairman's invitation the Monitoring Officer presented the report, copies of which had been previously circulated. The committee was advised that the report set out the required framework.

The Chairman queried whether the report should also be presented at the Democracy and Standards committee.

A councillor queried whether this would cause a delay, the Chairman advised that the committee would accept it as it is and if needed would look again.

RESOLVED: That the Committee

- A. Reviewed the Code of Corporate Governance for West Northamptonshire and approve the document for publication on the Council's website.**
- B. Delegate responsibility to the Monitoring Officer to review and update the document and where appropriate include additional evidence and links to documents as necessary.**

8. APPROVAL OF LEGACY COUNCILS' ANNUAL GOVERNANCE STATEMENTS

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

Members had no questions.

RESOLVED: It was agreed that the committee

- A. Approved the NBC Annual Governance Statement for 2019/20..**
- B. Approved the NBC Annual Governance Statement for 2020/21.**
- C. Approved the DDC Annual Governance Statement for 2020/21.**
- D. Approved the SNC Annual Governance Statement for 2020/21..**
- E. Gave delegated authority to the Executive Director – Finance in consultation with the Chair of the Committee to make any further**

amendments to the respective Annual Governance Statements if required as part of the remaining audit process

9. NORTHAMPTON BOROUGH COUNCIL EXTERNAL AUDIT RESULTS REPORT 2019-20

At the Chairman's invitation Janet Dawson from E&Y presented the report, copies of which had been previously circulated. The committee was advised that the audit was close to being concluded, and that they should expect an unqualified audit. Although there had been significant issues there were fewer amendments this year.

A member queried the result of the pension fund audit, they were then advised that there had been some issues but E&Y were looking at how best to work through the problem.

RESOLVED: The Committee noted and considered the external Audit Results report and recommendations.

10. APPROVAL OF NORTHAMPTON BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

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

A member enquired as to whether there had been any surprises found, the response given was that there had not been and that the issues found were well known.

RESOLVED: Subject to the auditor's position as set out in the Audit Results Report and verbal update elsewhere on this agenda the committee agreed to give:

- a. Delegated authority to the Executive Director of Finance and Chair of the Audit & Governance Committee to approve and sign the letter of representation for 2019/20 on behalf of the Council at Appendix C as revised by the resolution of outstanding items set out in the Audit Results Report;**
- b. Delegated authority to the Executive Director of Finance and the Chair of Audit & Governance Committee to approve and sign the final Statement of Accounts for the Borough Council for 2019/20 at Appendix B as revised by the resolution of outstanding items set out in the Audit Results Report.**

11. NORTHAMPTONSHIRE COUNTY COUNCIL EXTERNAL AUDIT RESULTS REPORT 2019-20

At the Chairman's invitation Janet Dawson from E&Y presented the report, copies of which had been previously circulated. The committee was advised that they should expect an unqualified opinion on this audit. There were a number of areas still to be completed, but it was hoped to be closed within the next few weeks.

The committee was assured that much focus had been put onto the risk register, and its lack of providing levels of assurance.

RESOLVED: The Committee noted and considered the external Audit Results report and recommendations

12. APPROVAL OF NORTHAMPTONSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2019 20

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

A member queried whether there were any concerns regarding the university loan, they were advised that no issues of concern that they were currently aware of.

RESOLVED: Subject to the auditor's position as set out in the Audit Results Report and verbal update elsewhere on this the committee agreed to give;

- a. Delegated authority to the Executive Director of Finance and Chair of the Audit & Governance Committee to approve and sign the letter of representation on behalf of the Council at Appendix C as revised by the resolution of outstanding items set out in the Audit Results Report;**
- b. Delegated authority to the Executive Director of Finance and the Chair of Audit & Governance Committee to approve and sign the final Statement of Accounts for the County Council at Appendix B as revised by the resolution of outstanding items set out in the Audit Results Report**

13. DAVENTRY DISTRICT COUNCIL EXTERNAL AUDIT RESULTS REPORT 2020-21

At the Chairman's invitation Neil Harris from E&Y presented the report, copies of which had been previously circulated.

Thanks was passed on to the finance team for all of the hard work that had taken place. The committee was advised that E&Y were close to concluding this audit but there were still some matters to resolve, this had been laid out in the appendix. The committee was informed that unqualified opinion was probable.

The asset Eastern Way playing Fields was mentioned, but had not been written into the report, this was still on-going audit and would appear in subsequent reports.

RESOLVED: The Committee noted and considered the external Audit Results report and recommendations

14. APPROVAL OF DAVENTRY DISTRICT COUNCIL STATEMENT OF ACCOUNTS 2020-21

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

The chair noted that the E&Y fees were still to be determined, Neil Harris from E&Y advised that the fees would be shown once audits have been completed, as additional work had been carried out.

A member asked if the fees could have an impact on the budget.

The Executive Director of Finance advised that it could have an effect if the fees were large ones. The committee was reminded that going forward there would only be one set of accounts going to Audit instead of 4.

It was agreed that the issue referred to in the previous agenda item by the External Auditor did not need to be reported back separately and could be covered by the delegated authority granted by the Committee.

RESOLVED: Recommendations: Subject to the auditor's position as set out in the Audit Results Report and verbal update elsewhere on this agenda the committee agreed to give:

Delegated authority to the Executive Director of Finance and Chair of the Audit & Governance Committee to approve and sign the letter of representation on behalf of the Council at Appendix C as revised by the resolution of outstanding items set out in the Audit Results Report;

Delegated authority to the Executive Director of Finance and the Chair of Audit & Governance Committee to approve and sign the final Statement of Accounts for Daventry District Council at Appendix B as revised by the resolution of outstanding items set out in the Audit Results Report.

16. SOUTH NORTHANTS COUNCIL EXTERNAL AUDIT RESULTS REPORT 2020-21

At the Chairman's invitation Maria Grindley from E&Y presented the report copies of which had been previously circulated. The committee was informed that some issues had come to light, these were now back with the team from the previous South Northants for resolution. It was advised that an unqualified opinion was likely to be given.

RESOLVED: It was recommended that the Committee noted and considered the external Audit Results report and recommendations

17. APPROVAL OF SOUTH NORTHAMPTONSHIRE COUNCIL STATEMENT OF ACCOUNTS 2020-21

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

Members had no questions.

RESOLVED:

Subject to the auditor's position as set out in the Audit Results Report and verbal update elsewhere on this agenda the committee agreed to give;

- A. Delegated authority to the Executive Director of Finance and Chair of the Audit & Governance Committee to approve and sign the letter of representation on behalf of the Council at Appendix C as revised by the resolution of outstanding items set out in the Audit Results Report;**
- B. Delegated authority to the Executive Director of Finance and the Chair of Audit & Governance Committee to approve and sign the final Statement of Accounts for South Northants Council at Appendix B as revised by the resolution of outstanding items set out in the Audit Results Report.**

18. PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2020/21

At the Chairman's invitation, Debbie Hanson from E&Y presented the report, copies of which were previously circulated. The committee was also then given an update on the 19/20 audit, and informed that an unqualified opinion was expected. It was advised that an update of the previous audit report would be circulated to officers and members.

With regards to the 2020/21 Audit E&Y made the following comments.

- Substantial work had been done so far.
- The executive summary had listed areas of work that were still in progress.
- This was a good audit and the committee would be given another update when ready to sign off.

Members made the following comments.

- It was noted that a discussion had taken place regarding taking £2 million out of the pension fund in order to balance the budget, had this occurred.
- It was asked if the committee could look at Climate Impact and ethics more closely in the future.

Debbie Hanson advised that moving money from the pension fund had not happened.

The Executive Director of Finance advised that there was already an ethical policy in place which could be circulated, Councillor Longley agreed and stated that this was very important issue.

RESOLVED: That the Committee

- A. Considered the Final Statement of Accounts and note the Annual Report of the Pension Fund for the 2020/21 financial year.**
- B. Viewed the findings of external audit documented in the ISA260.**
- C. Delegated authority to the Executive Director of Finance and Chair of the Audit & Governance Committee to approve and sign the letter of representation on behalf of the Council;**
- D. Delegated authority to the Executive Director of Finance and the Chair of Audit & Governance Committee to approve and sign the final Statement of Accounts for the pension fund upon satisfactory conclusion of the audit.**

19. STRATEGIC RISK REGISTER

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

It was noted that the risk scores had not changed and the committee was advised that they would receive a copy of the risk register at every meeting.

The Chairman advised that at the next meeting there would be another deep dive on a risk of their choice, Economic Recovery was chosen.

Members noted that the document was very large; could the committee have a more concise version next time, which was then agreed to.

RESOLVED: That the Committee

- a. Considered the Strategic Risk Register attached at Appendix 1 and comments upon it.**
- b. Considered the Economic Recovery Risk at the next meeting**
- c. Would keep the hard copies they were given of the risk register but for future meetings would just be given an update of the revisions and changes.**

20. WORK PROGRAMME

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

Members had no questions.

RESOLVED: It was recommended that the Committee considers the work programme.

21. URGENT BUSINESS

None

There being no further business the meeting ended at 8:00pm.