



## **Audit and Governance Committee**

Minutes of a meeting of the Audit and Governance Committee held at The Jeffrey Room, The Guildhall, Northampton on Wednesday 16 November 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 Danielle Stone  
                        Councillor Alan Chantler

Substitute        Councillor Mark Hughes  
Members:

Also                Ciaran McLaughlin, GT  
Present:            Janet Dawson, EY

Apologies        Councillor Jake Roberts  
for  
Absence:

Officers            Martin Henry, Executive Director - Finance (Section 151 Officer)  
                        Audra Statham, Assistant Director - Finance (Accountancy)  
                        Jen Morris, Head of Audit and Risk Management  
                        Jo Bonham, Risk and Internal Controls Manager  
                        Scott Peasland, Audit Manager  
                        Maisie McInnes, Democratic Services Officer

### **85. Apologies**

Councillor Jake Roberts

### **86. Declarations of Interest**

There were none.

### **87. Minutes**

The minutes of the previous meeting were approved.

### **88. Chair's Announcements**

The Chair welcomed everyone to the meeting and shared with members she would circulate the training slides outside of the meeting. The Chair explained that the Chair and Head of Audit and Risk Management had had a meeting with Cabinet members and members of the opposition outside of the meeting for their view of audit and as requested the Head of Audit and Risk Management would brief members on the revised risk register later in the meeting.

**89. Urgent Business**

There were no items of urgent business.

**90. Internal Audit - Home to School Transport Limited Assurance Report**

The Chair explained the Internal Audit on Home to School Transport agenda item would be first on the agenda to allow the Cabinet Member for Environment, Highways, Transport and Waste Services and Assistant Director for Highways and Transport to present first as they had other commitments.

The Assistant Director Highways and Transport then delivered the presentation on the Home to School Transport Audit Report.

The Chair thanked the Assistant Director Highways and Transport for his succinct presentation and invited members to discuss the presentation and ask questions. Members requested for the presentation slides to be circulated outside of the meeting. Members expressed concern regarding safeguarding issues, financing and resourcing the service area. Members posed a question regarding whether the service could be delivered in-house, and the Assistant Director Highways and Transport responded that the Council were continually reviewing the service but had no plans to deliver in-house at present.

Members expressed concern at the number of complaints raised and the failure of the service. The Assistant Director Highways and Transport responded that this had been identified and a closer relationship with licensing and taxi drivers would be managed going forward. The Executive Director of Finance reassured members that the Council investigated the issue immediately and conducted an internal audit to strengthen the area and get an action plan in place.

Members questioned the number of contracts and asked if this was a comparable figure. The Assistant Director Highways and Transport responded that it was comparable with other councils. Members asked the Head of Audit and Risk Management for her view on how the report process was. The Head of Audit and Risk Management responded that she had received a positive response from the Assistant Director of Highways and Transport and the team, and it was critical with a limited assurance team that audit could work with the service to meet actions that had arisen from the internal audit and understand issues. She commended the team for their continued efforts and assured members that this was satisfying from an audit perspective, and a reaudit would take place within 12 months.

The Chair thanked the Cabinet Member for Environment, Highways, Transport and Waste Services and Assistant Director for Highways and Transport for attending the

Audit and Governance committee. She added that it was clear progress was being made and looked forward to seeing this recognised in the reaudit.

91. **Internal Audit Update**

At the Chair's invitation, the Head of Audit and Risk Management presented the internal audit update and explained excellent progress had been made and there were a few outstanding audits, but these would be finalised quickly, and audit would be moving onto the 22/23 accounts.

The Head of Audit and Risk Management highlighted the progress table in Appendix 1 which demonstrated the status of the audits and assurance. She explained it was not unusual in a period of local government reorganisation and change for there to be an increase in limited assurance reports, and assured members that all limited assurance areas will be re-assessed within a maximum of 12 months. In terms of the grant verification work, the Risk and Internal Controls Manager maintained a grant register to manage how grants were spent.

The Head of Audit and Risk Management shared that there was a new member of the audit team starting in December and from then the team would be fully resourced and the team would be able to work on their reporting methods for audit, such as using a pyramid of knowledge to display key information.

Members asked if audit had to obtain permission and IT access to undertake investigations. The Head of Audit and Risk Management confirmed that IT access was sought, and audit had the independence to undertake investigations in any area they deemed necessary. The Executive Director of Finance added that internal audit had separate meetings with the chair twice a year, and audit had full access to conduct any work required.

The Chair thanked the Head of Audit and Risk Management for the update and assurance that things were moving in the right direction and expressed that she also remained independent as the chair of the Audit and Governance committee.

**RESOLVED: That the Audit and Governance committee noted the progress to date.**

92. **External Audit Progress report - Grant Thornton**

At the Chair's invitation, Ciaran McLaughlin from Grant Thornton (GT) presented a verbal update to the committee and explained that GT were planning audit work as well as looking at discrete areas alongside the work programme such as the HRA disaggregation. He explained that progress had been made with the IT audit and they were due to complete this month and an audit plan would be brought to the next meeting. The Pensions audit was almost complete and the value for money audit was underway and was due to be completed in November.

The Chair thanked Ciaran for the update and explained there would be a meeting in January with internal audit.

**RESOLVED: That the committee noted the verbal update from Grant Thornton.**

93. **External Audit Progress report - EY**

At the Chair's invitation, Janet from Ernst and Young (EY) presented the verbal External Audit progress update and explained that they had hoped to close the audit but were still awaiting information for a few audit areas. There were several areas that were not yet complete such as the group procedures NCC, Covid Grant Income and the Valuation of OAS.

The Assistant Director of Finance (Accountancy) added that there were a few subsidiary organisations such as the Children's Trust that the Council worked with that were also required to provide information, and WNC always responded in a timely manner. With the valuations there were a lot of queries and interaction with valuers, but the teams were working above and beyond to complete.

The Chair was pleased to hear the valuation of OAS had been done and thanked EY for the update and hoped to sign off the accounts by January.

**RESOLVED: That the Audit and Governance Committee noted the External Audit progress update.**

94. **Update on Budget setting**

The Executive Director of Finance provided a brief update on budget setting and explained that the budget setting process had been started earlier this year, and a star chamber process had taken place looking at the saving efficiencies of the various service areas. With the cost-of-living crisis and economic uncertainty, it was important to start the budget in advance, and the autumn statement would be released shortly which would give a greater indication on the public sector outlook. A budget monitoring report would be taken to cabinet, and budget clinics had also been organised to scrutinise the budget at high level.

**RESOLVED: That the Audit and Governance committee noted the update on budget setting.**

95. **Strategic Risk Register**

The Head of Audit and Risk Management presented the report and explained that the risk register update contained two areas, the current risk register and an update on the process. Since the last meeting there was a static position as the risk hadn't changed.

The Head of Audit and Risk Management outlined the new process for reporting on risk and explained that audit would monitor a list of known risks that the council managed over time but would report on the emerging risks and organisational risks. Engagement would be improved by handing known risks over to management to monitor rather than regular reporting to Audit and Governance committee. Instead, the committee would discuss emerging risks and areas in the council which needed more support, i.e., those affected by the cost-of-living crisis.

The Chair and the Head of Audit and Risk Management had a meeting and open conversation with cabinet members and members of the opposition to discuss issues arising in the council. Members spoke openly with the Head of Audit and Risk Management about their concerns regarding issues like culture and communication, financial pressures, partnerships and contracts and these concerns were not reflected in the current risk register.

The Head of Audit and Risk Management concluded that the new register would be considering external factors and understand the impact on the council, such as macro-economics with the war in Ukraine, supply chain issues and climate change with the increased risk of flooding.

Members discussed the report. The Chair thanked the leader and members who attended the meeting with herself and the Head of Audit and Risk Management for the open discussion to help inform the audit team and keep the committee relevant and deepen understanding with how the council mitigates and manages risk.

**RESOLVED: That the Audit and Governance committee:**

- **Considered the Strategic Risk Register (Update summary provided at Appendix 1)**
- **Discussed the effectiveness of the current risk management process and potential process changes.**

96. **Work Programme**

At the Chair's invitation, the Executive Director Finance explained that for information the meeting with internal audit would be added for the 4 January 2023 on the work programme.

The Chair thanked the team for their hard work and closed the meeting

The meeting closed at 8.00 pm

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

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