

# Audit Committee Minutes

**Monday 13 March 2023**

## **PRESENT**

**Committee members:** Councillors Patrick Walsh (Chair), Paul Alexander, Florian Chevoppe-Verdier and Ashok Patel

### **Other Councillors**

Councillor Rowan Ree (Cabinet Member for Finance and Reform) (attended remotely)

### **Officers**

David Hughes (Director of Audit, Fraud, Risk and Insurance)

Moira Mackie (Head of Internal Audit)

Sharon Lea (Interim Chief Executive)

Jon Pickstone (Strategic Director of Economy)

Sukvinder Kalsi (Director of Finance) (attended remotely)

Chris Harris (Head of Finance)

David Abbott (Head of Governance)

### **Guests**

Andy Conlan (Grant Thornton)

## **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Adrian Pascu-Tulbure.

Apologies for lateness were received from Councillor Paul Alexander (who entered the meeting at 7.35pm).

## **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **3. MINUTES OF THE PREVIOUS MEETING**

Councillor Florian Chevoppe-Verdier asked for an update on outstanding actions. David Hughes said he would circulate an update.

**ACTION: David Hughes**

The minutes of the previous meeting held on 23 November 2022 were agreed as an accurate record.

#### **4. STATEMENT OF ACCOUNTS 2021/22 - AUDIT PROGRESS REPORT**

Andy Conlan (Grant Thornton) introduced the item which provided members with an update on the progress of the audit of the 2021/22 accounts and the finalisation of the 2020/21 accounts. He noted that there had been substantial progress on the audit, despite the challenges of Covid, working from home, and resourcing highlighted in the report. He said Grant Thornton expected the 2020-21 accounts to be completed in the coming weeks.

The Chair asked if the 75% completion rate was comparable with other councils of H&F's size. Andy Conlan said progress on H&F audit was comparable or faster than other similar councils. The turnaround from finance officers had been fast. He noted that delays on these accounts were common across the sector, with only around 20% signed off at the time of the meeting.

#### **RESOLVED**

That the Committee noted the contents of the external auditor's Audit Progress Report.

#### **5. RISK MANAGEMENT HIGHLIGHT REPORT**

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the report which provided members with an update on risk management across the Council.

Councillor Ashok Patel noted that he had requested the Council's business plan but had not yet received it. David Hughes clarified that the business plan had been circulated and was available on the Council's website.

Councillor Patel asked why the Council's whistleblowing arrangements didn't appear on the risk register. David Hughes explained that there was a risk on fraud that encompassed whistleblowing.

Councillor Florian Chevoppe-Verdier welcomed the report and was pleased to see risks were moving down. He highlighted the reduction in risk 6 and noted that all nursing homes in the borough were now rated good or outstanding.

The Chair asked if all holders of risk were aware of the register and their duties and responsibilities. Sharon Lea (Chief Executive) said risks were discussed within teams and at Directorate and Senior Leadership Team levels. All Directorates had their own individual registers. Risk management was a high-profile area for the Council, and it was important that staff were engaged and felt they could discuss areas of risk and ways to mitigate them as part of our everyday business.

The Chair asked if officers agreed with the external auditor's recommendation to reduce the size of the register. Sharon Lea said they had taken the recommendation on board.

## **RESOLVED**

That the Committee reviewed, noted and commented on the report.

## **6. INTERNAL AUDIT PROGRESS REPORT**

Moira Mackie (Head of Internal Audit) presented the report which summarised the status of work included in the 2022/23 Internal Audit Plan as at the end of February 2023. She noted that nine audits had been finalised, seven of which received Satisfactory assurance and two Limited assurance.

Councillor Ashok Patel asked if the new approach of a '3 plus 9-month' plan had been tested. David Hughes said they started the new approach in 2020 using learning from the pandemic, allowing audits to be more agile and dynamic. He said the approach had been very successful. Councillor Patel felt three months was too short a period.

Councillor Patel, in reference to the school findings on page 48, asked what should be done to ensure it didn't happen again. Moira Mackie said often there were checks made but they weren't evidenced. Some schools had very simple systems and processes. Officers had sent clear messages about the separation of duties and controls. David Hughes added that officers carried out follow-ups to school audits to ensure the proper controls were now in place.

Councillor Patel noted that some school funds had not been audited since 2015 and asked why. David Hughes said they were small funds used for school trips etc. Schools had trouble finding people with the right skills to review them.

Councillor Florian Chevoppe-Verdier noted that in Pension Fund Committee meetings members heard that some schools were struggling to provide pensions information. He asked if it was due to a lack of resourcing and if there were ways the Council could support them. Moira Mackie said schools did sometimes find it difficult to resource those areas, but the Schools Finance team helped them with financial matters and the Council's HR team helped them with DBS checks and other matters.

The Chair asked if there had been any training for staff to help them. Moira Mackie said officers did tell them in advance what areas would be looked at and what records needed to be available. The finance team was very supportive. Audit officers also attended school business managers forum meetings to provide guidance.

The Chair, referring to school finance systems, noted staff turnover was an issue and asked if there were robust processes and security in place so someone new coming in could take over. David Hughes said almost all schools used the same system so it was easy for people to move between jobs. He noted that each school controlled their own access to ensure security.

The Chair noted the one school that didn't use the same system as the others had run into some issues. He asked why they opted out. Moira Mackie said it was a decision for the school. They chose a more commercial accounting system but it was not set up in way that worked well for a school.

The Chair asked if the system they were using would be able to provide the information necessary for a complete audit. Moira Mackie said it would, but it may not be able to provide certain financial returns and reports as quickly as the more widely used system.

Councillor Patel, in reference to the disrepair claims, asked if there had been further developments since the report was written. Moira Mackie said there had been progress. Officers would conduct a follow-up and report back.

Councillor Paul Alexander noted the risk around major projects did not reflect the issues experienced at ground level. David Hughes said that should be dealt with through contract management, but he could take away any specific examples.

## **RESOLVED**

1. To note and comment on the report.

## **7. INTERNAL AUDIT PLAN 2023-24**

Moira Mackie (Head of Internal Audit) introduced the report which presented the Strategic Audit Plan and the Annual Audit Plan for review and comment.

Councillor Florian Chevoppe-Verdier asked if the annual plan included things like staff accidentally sharing private information. David Hughes said they worked closely with the information governance team to raise awareness and look at issues of non-compliance. Sharon Lea (Chief Executive) noted that Digital Services had put digital solutions to these types of problems in place and sent regular reminders to staff to be security conscious. Councillor Chevoppe-Verdier said he would like to see examples of staff training.

**ACTION: David Hughes / Veronica Barella**

Councillor Ashok Patel, in reference to housing on page 56, noted the condition of the housing stock came up regularly for residents and asked for more information. David Hughes said it was a key area of focus for the Council, hence the higher risk. He said there should be frequent audits there.

Councillor Paul Alexander asked if there was an escalation process, so more checks were carried out when faults were found. David Hughes said during the audit process officers took a sample and report numbers based on that sample. But he expected there would be more robust checks and call-backs on the contract management side if problems were discovered. Councillor Alexander felt there needed to be a more robust regime of checks on housing repairs.

## **RESOLVED**

1. The Committee reviewed the draft Strategic Audit Plan, as set out in Appendix 1, and considered whether it covered the persistent risks that the Council faces and outlined the business areas or themes that need to be considered as part of a five-year plan.
2. The Committee reviewed the draft of the Annual Audit Plan, as set out in Appendix 2, and commented on the audit work due to be undertaken in the first quarter of 2023/24 and identified any specific audits to be considered during the coming year.

## **8. INTERNAL AUDIT CHARTER AND STRATEGY**

Moira Mackie (Head of Internal Audit) presented the report on the Internal Audit Charter, maintained by the Director of Audit, Fraud, Risk and Insurance. The Charter was reviewed annually to ensure that it reflected audit standards. The strategy set out the approach to the delivery of the Internal Audit service.

Councillor Florian Chevoppe-Verdier asked if the document would be made available to the public. David Hughes said it was available as part of the Audit Committee papers but he would see if there was a suitable place for it on the Council's website too.

**ACTION: David Hughes**

Councillor Ashok Patel asked if in future members could make contributions in addition to the Chair. The Chair said members could their comments to him and he would ensure those contributions were included in the final document.

## **RESOLVED**

1. The Committee reviewed and approved the Internal Audit Charter and Strategy.
2. The Committee noted the commencement of a review of the effectiveness of the Committee in line with the recent guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on Audit Committees and that a report will be provided on the outcome of the review at a future meeting.

## **9. DATES OF FUTURE MEETINGS**

The following dates of future meetings were noted:

- 19 June 2023 (it was later agreed to move this meeting to 26 July)
- 12 September 2023
- 27 November 2023
- 11 March 2024

Meeting started: 7.04 pm  
Meeting ended: 8.04 pm

**Chair** .....

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